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welcome to:  
pension tax limits.

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# about us.

We are a leading financial wellbeing and retirement specialist - helping those in the workplace to improve their financial future.

Established in 2005, we work with hundreds of organisations across both the private and public sector.

Our financial education services are delivered on a bespoke basis.

# agenda.

- Pension savings and tax relief
- The annual allowance
- Variations to the annual allowance
- Taking action
- Next steps

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pension savings & tax  
relief.

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# defined contribution (DC) schemes.

Employer and employees  
contribute (tax-free\*)



Any investment  
growth is tax-free



You can access your  
pension from age 55\*\*



Receive up to 25%  
tax-free



Receive a taxable lump sum or generate  
a taxable income with remaining pot



\*subject to HMRC limits

\*\*The minimum age for accessing your pension is expected to increase to age 57 from 6 April 2028. Pension savings in certain schemes may be protected from this change.

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# salary sacrifice.



You save:

**Higher-rate  
Taxpayers  
up to 42%\***

Saving made up of:

- 40% income tax, &
- 2% NI

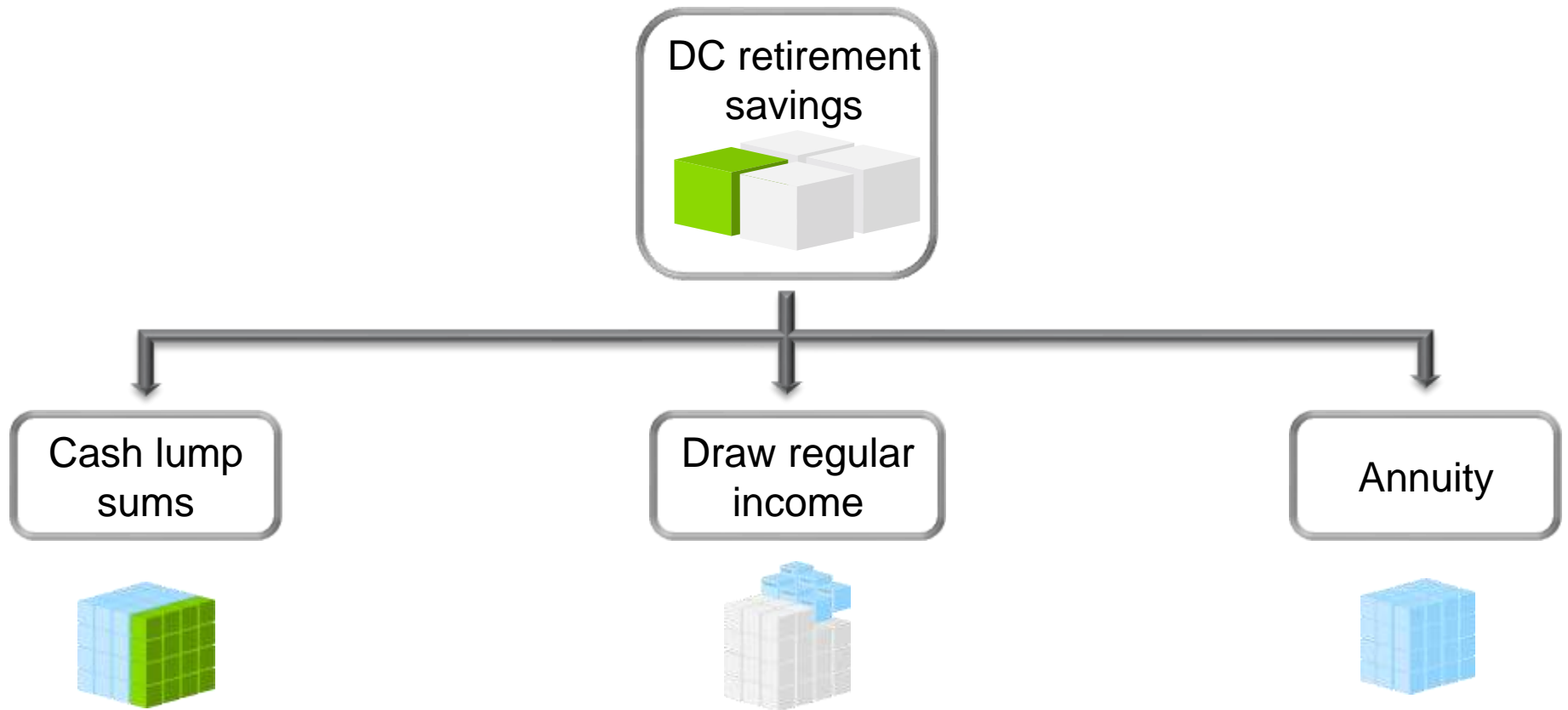
**Additional rate  
Taxpayers  
up to 47%\***

Saving made up of:

- 45% income tax, &
- 2% NI

\* Tax relief on pension contributions is limited to the greater of 100% of relevant earnings and £3,600.

# defined contribution income options.



You may need to transfer your benefits to an alternative arrangement to access your chosen income route



# JP Morgan UK Pension Plan.

Contribution as % of Pensionable Salary each year							
Company core	6%	6%	6%	6%	6%	6%	6%
Employee match	0%	1%	2%	3%	4%	5%	6%
Company match	0%	1%	2%	3%	4%	5%	6%
TOTAL ANNUAL	6%	8%	10%	12%	14%	16%	18%

- ‘Employee match’ contributions up to 6% are matched by JP Morgan
- Employee contributions above 6% are referred to as ‘flex additional contributions’
- Employee contributions are made via salary sacrifice and free from tax and NI\*
- Flex contributions can be changed at any time of the year but the amounts cannot change more than once in a 3-month period
- A salary cap of £141,000 applies to pension contributions

\*Subject to limits

# making lump sum contributions.

Make additional lump sum contributions up to 6 times each year.

**Could be right for you if you:**

- ✓ Are already making the most of matching contributions from JP Morgan
- ✓ Want to make additional lump sum contributions from regular salary
- ✓ Are looking to maximise your use of the annual allowance

Contributions benefit from tax relief only (subject to limits) and are **not made via salary sacrifice**. Contributions can be made in the following windows:

Window opens	Window closes	Payroll deduction
26 November	20 December	January
26 December	20 January	February
26 January	20 February	March
26 April	20 May	June
26 July	20 August	September
26 October	20 November	December

# pension tax-relief limits.

## Personal Contribution “Golden Rule”

Tax relief on personal contributions  
is restricted to the higher of:

£3,600

or

100% of your relevant UK earnings

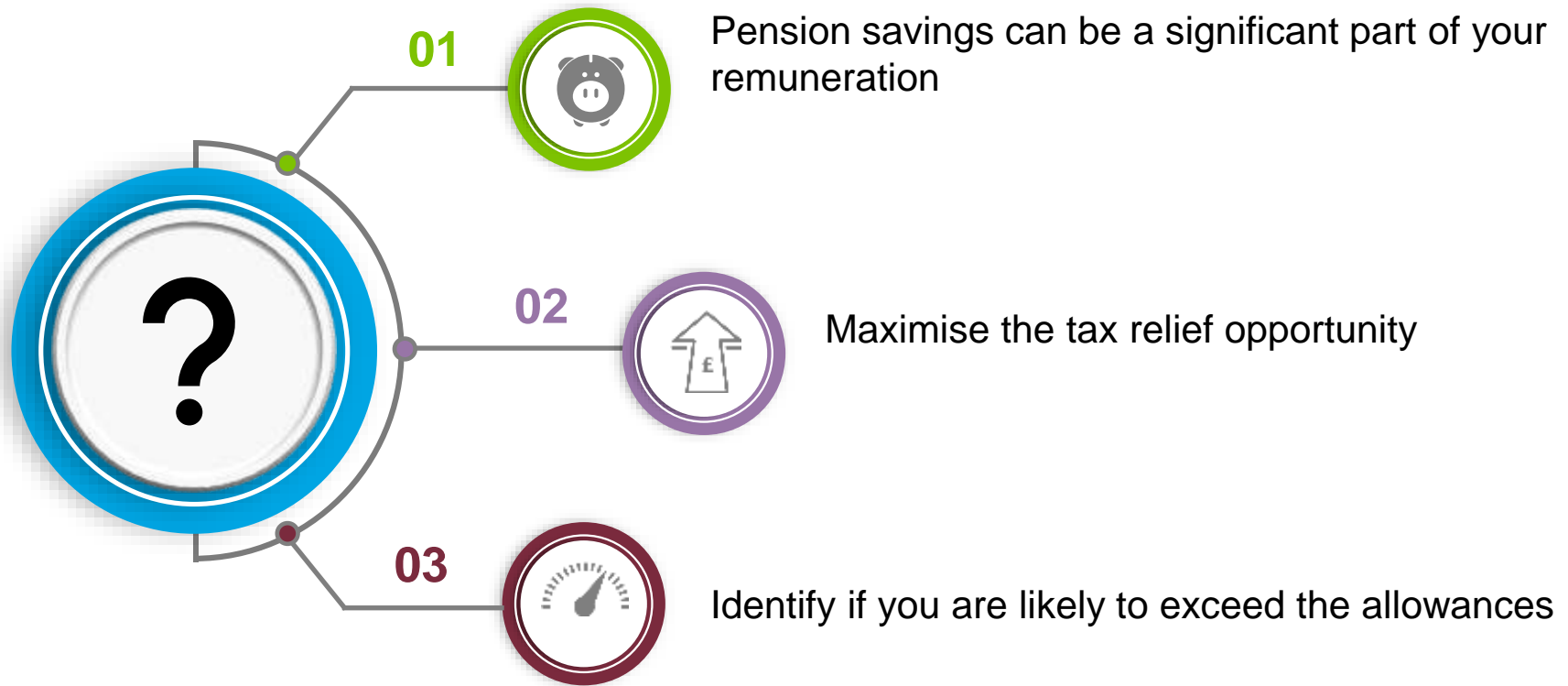
## Annual Allowance (AA)

A limit on overall pension input in  
any tax year

The standard AA is £60,000

How pension input is calculated  
depends on the type of pension  
scheme

# why these allowances are important.



# pension tax allowances.

It's your responsibility to keep track of your pension tax limits

Your pension plan can't manage these tax allowances on your behalf



Any tax charge is a personal tax liability

You are required to inform HMRC if you exceed these limits

# the changes to the limits.

1

Since 6 April 2024 the lifetime allowance has been removed

2

It was replaced by two new allowances:

- the lump sum allowance (LSA) - £268,275
- the lump sum and death benefit allowance (LSDBA) - £1,073,100

3

These limit the amount of tax-free benefits that can be paid

4

Your allowances may be higher if you hold valid lifetime allowance protection

5

Your allowances will be reduced if you have taken any pension benefits between 6 April 2006 and 5 April 2024

# the changes to the limits.

A check is made against these allowances when benefits are paid

Benefits tested against the LSA include:

- Pension tax-free cash payments
- Tax-free element of cash lump sums (uncrystallised funds pension lump sum)

Benefits tested against the LSDBA include:

- All the above, plus
- Serious ill-health lump sums
- Tax-free death benefits for deaths that occur before the age of 75, including:
  - Uncrystallised funds lump sum death benefits
  - Drawdown pension funds lump sum death benefits
  - Defined benefit lump sum death benefits (death-in-service lump sums)
  - Pension/Annuity lump sum death benefits



Benefits that exceed the allowances are liable to income tax at the recipient's marginal rate

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the annual allowance.

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# the annual allowance (AA).

Applies to the combined value of all contributions in a tax year

A £60,000 annual allowance usually applies but is reduced in certain circumstances

How it's measured:



**DC schemes** – the value of contributions paid in the tax year

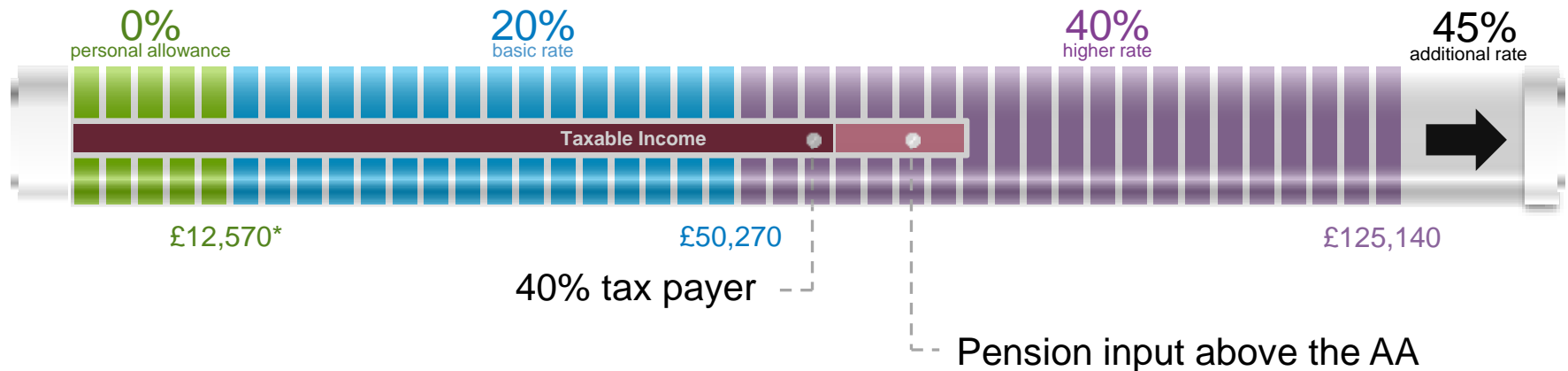


**DB schemes** – a formula is used and this figure is usually provided by the scheme administrator

If you exceed your available AA you will have to pay a tax charge

# the annual allowance tax charge.

- An AA charge is only applied to pension input in excess of your annual allowance
- The charge is determined by your tax band



- The tax charge is **normally** equivalent to the tax relief benefitted within the scheme

\*The Personal Allowance gradually reduces to zero for those earning between £100,000 and £125,140

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variations to the annual allowance.

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# carry forward.

Must normally earn more than £60,000 a year

1

You must have been a member of a UK registered pension

5

**Carry forward unused annual allowance from up to the 3 previous tax years**

2

You are limited by your earnings

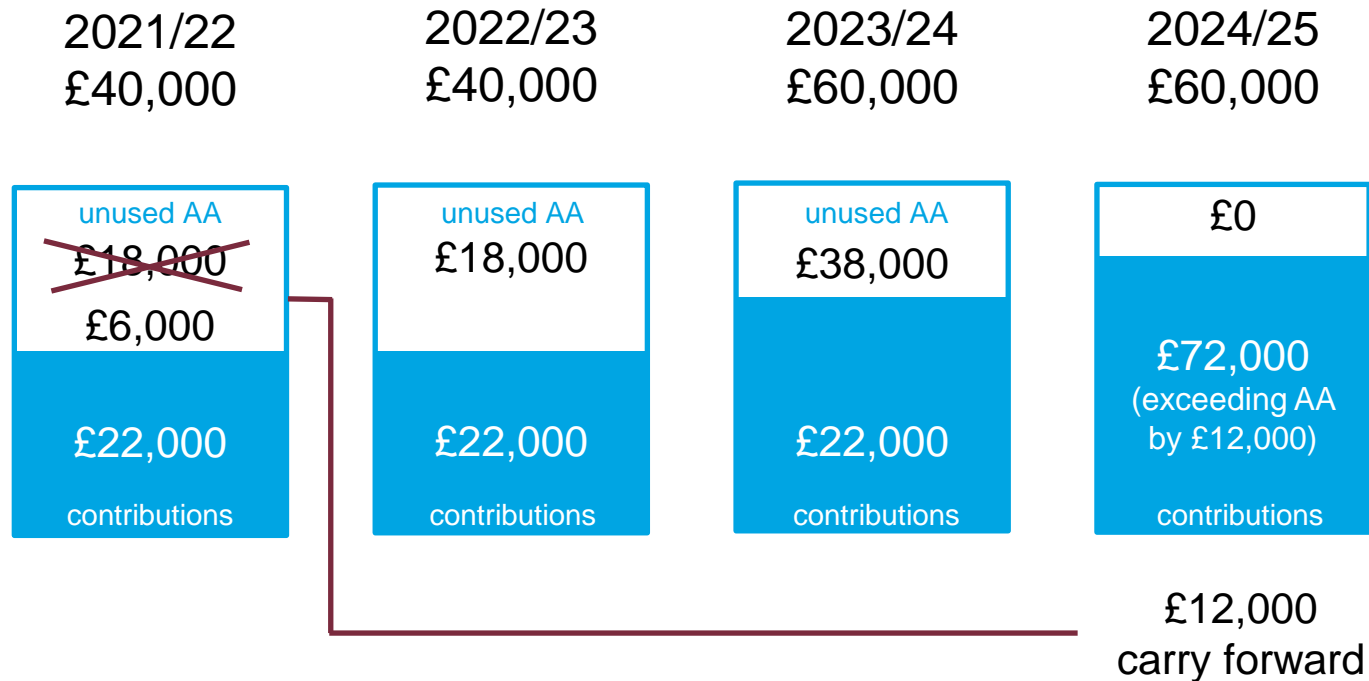
4

Then any unused AA from the earliest year

3

You must use the AA in the current tax year first

# an example of carry forward.



Tax relief is only available on contributions up to 100% of earnings

Assumptions: (1) the scheme's PIP has been aligned with the tax year for the past 3 years, (2) salary has not changed for the last 4 years & (3) pension contributions of £22,000 per year have been made for the previous 3 years

# a lower annual allowance (AA).

If your total taxable income for the current tax year is:

You will normally be  
subject to the tapered  
AA of £10,000

**£360,000  
or more**

**£200,001 to  
£359,999**

You may be subject to a  
tapered AA – you'll need  
to calculate your AA

You will normally be  
subject to the standard  
AA of £60,000

**£200,000  
or less**

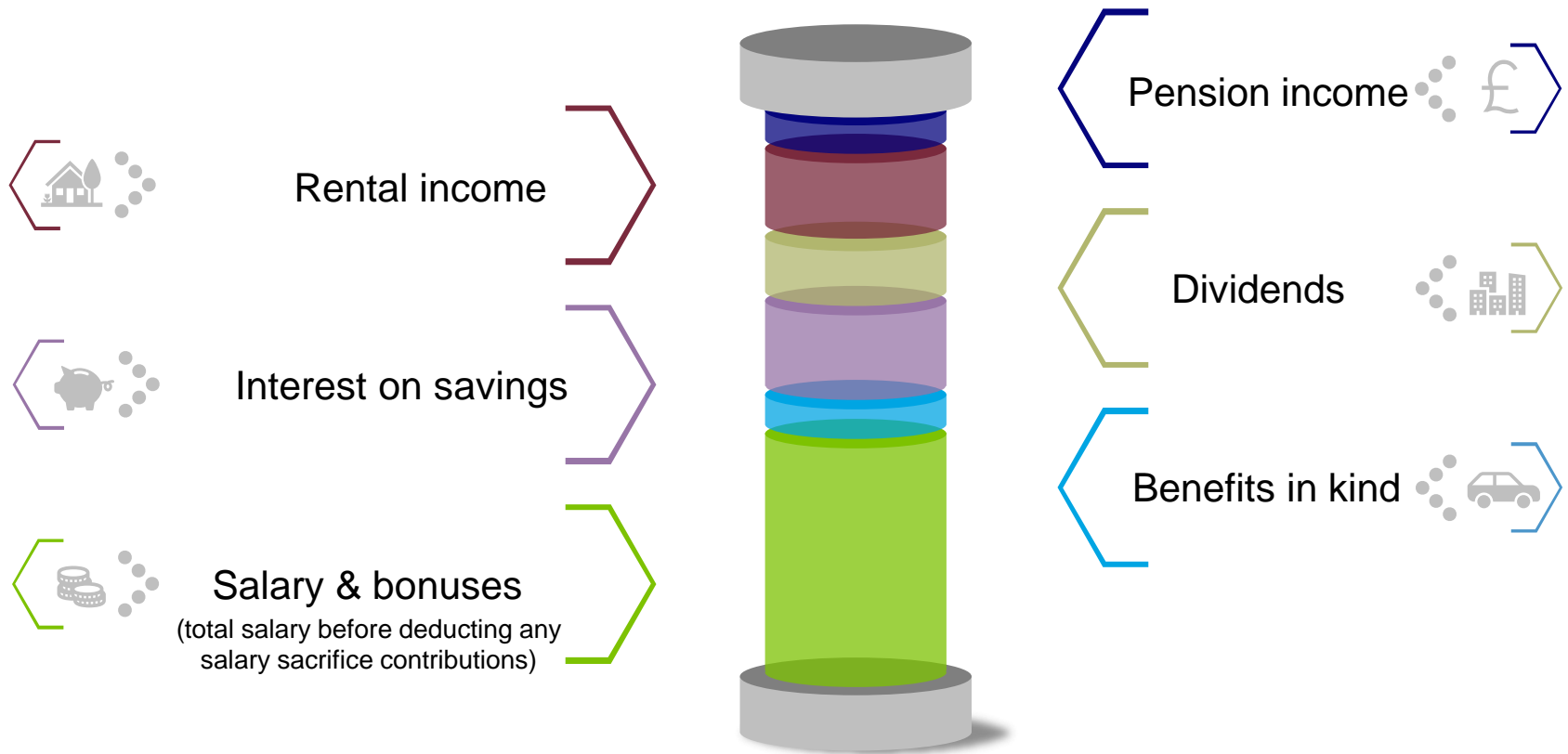


Carry forward may be available from the 3 previous tax years

# the tapered annual allowance.

## Step 1 – calculating your 'Threshold Income'

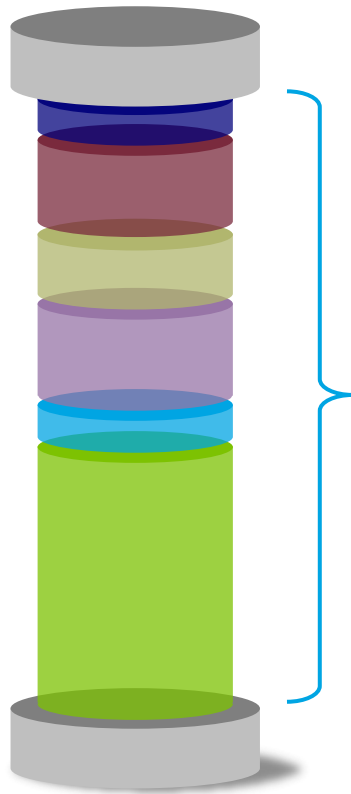
**Begin by calculating your total taxable income...**



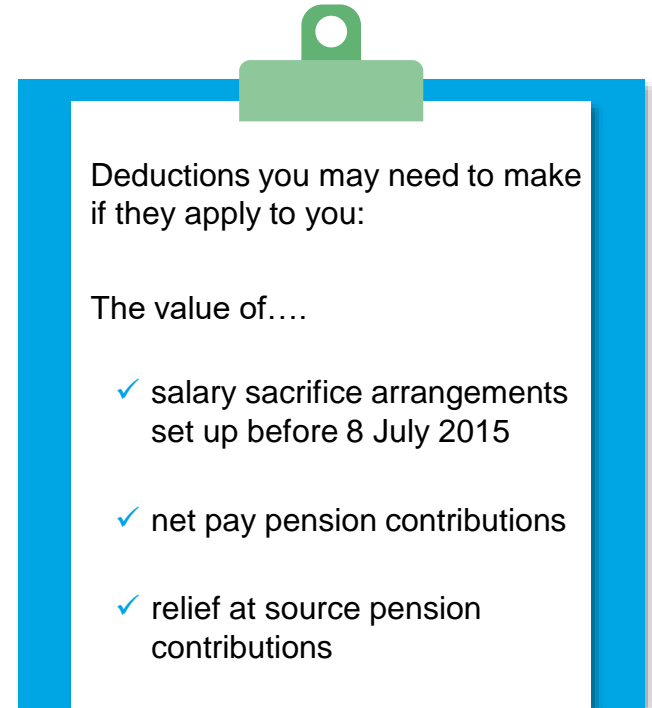
# the tapered annual allowance.

## Step 1 – calculating your 'Threshold Income'

**Begin by calculating your total taxable income...**



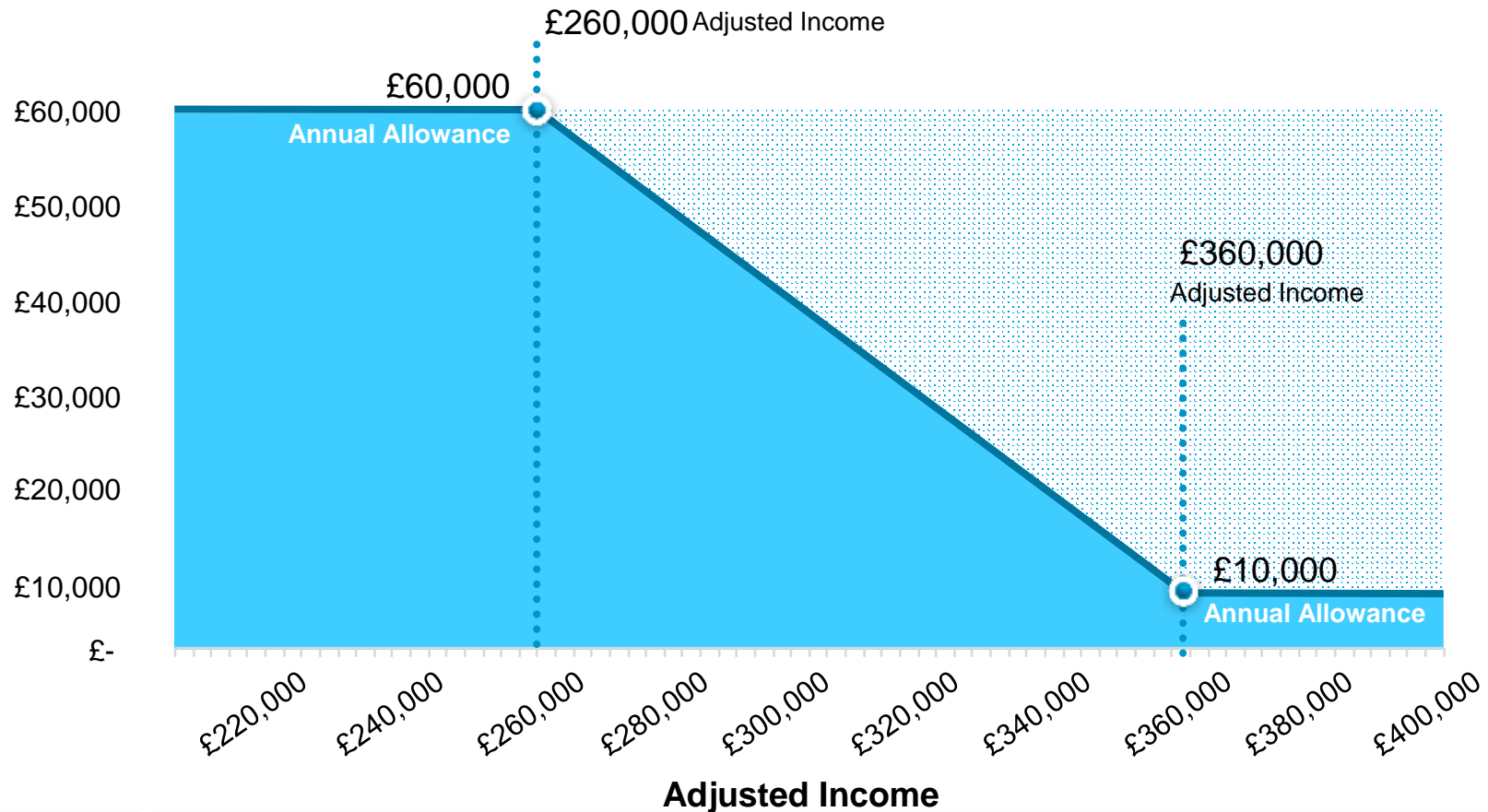
For some this will be the  
'Threshold Income'





# applying the taper.

For every £2 that an individual's adjusted income exceeds £260,000, the annual allowance is reduced by £1 up to a maximum reduction of £50,000.



# money purchase annual allowance.

Limits DC pension contributions  
in a tax year to £10,000

There are various events  
which trigger the money  
purchase annual allowance

Does not apply to  
DB accrual



Carry forward is not available  
when the MPAA applies

Limits pension contributions for every  
future eligible tax year (until age 75)

# the MPAA trigger events.

## When it will apply

Receiving a lump sum of taxable & tax-free money



Known as an UFPLS or uncrystallised funds pension lump sum

Drawing any amount of taxable money from drawdown

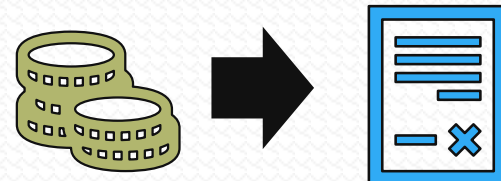


## When it won't apply

Receiving only tax-free cash from drawdown



Buying a lifetime annuity



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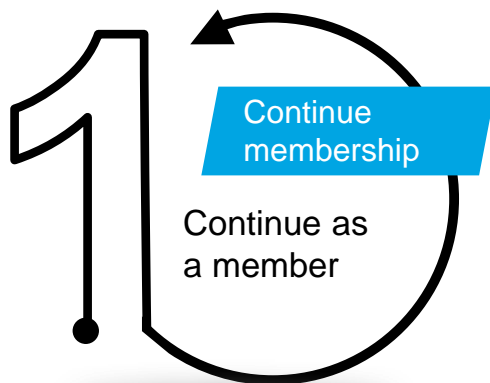
taking action.

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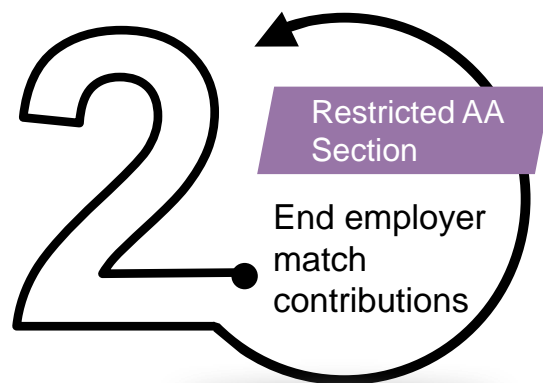
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# taking action.

You have a number of options if you are impacted by the annual allowance taper.



Continue as a member and adjust your own contributions



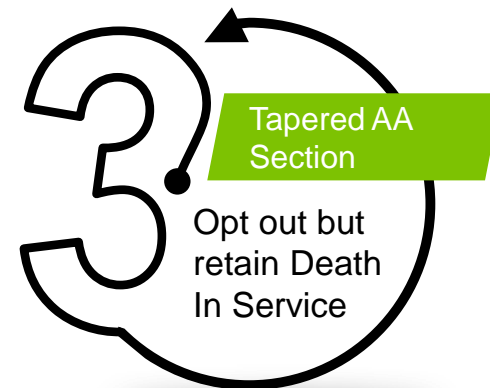
Employer core contribution of 6% continues into the Plan

.....

Employer matching contribution of 6% stops

.....

Receive 5.3% cash in lieu



All contributions stop

.....

Receive 10.6% cash in lieu

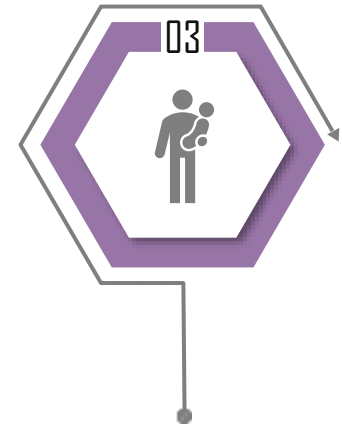
# tapered annual allowance section.



All contributions to the plan stop



Death in service benefit of 12X salary is retained



The value of your DC pension plan will pass to your named beneficiaries

# opting out of the pension plan.

You may wish to obtain regulated advice before making a decision to opt out of the pension plan. Visit: <https://register.fca.org.uk>.

## Opting out of the pension plan

- ✓ Available to those with pension savings that exceed £750,000
- ✓ Available to those with pension savings between £500,000 - £750,000 if written advice is provided by a regulated financial adviser
- ✓ All employer and employee contributions will cease
- ✓ Receive a monthly cash payment of 10.6% of salary in lieu of employer contributions
- ✓ The salary cap of £141,000 will continue to apply
- ✓ Payment received monthly with your salary and subject to tax and NI\*

\*Tax and NI will be applied via payroll at your marginal rate

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# opting out of the pension plan.

What this means for your death benefits.



## **12X Death in Service**

Death in service cover  
will cease



## **Your Pension Savings**

Your chosen beneficiaries  
receive the value of your  
pension account upon  
your death

Auto Enrolment rules require you to opt out every 3 years. JP Morgan will contact you to reconfirm your opt out decision every 3 years.

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paying the AA tax charge.

## Additional Information pages

Pension Savings Tax Charges	
1. Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum	14. Pension scheme tax reference number
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
2. Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum	15. Amount of uncrystallised payment from a pension scheme, not subject to surcharge
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
3. Lifetime Allowance tax paid by your pension scheme	16. Amount of uncrystallised payment from a pension scheme, subject to surcharge
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
4. Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance	17. Foreign tax paid on an uncrystallised payment (in £ sterling)
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
5. Annual Allowance tax paid or payable by your pension scheme	18. Taxable short service refund of contributions (overseas pension schemes only)
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
6. Value of pension benefits transferred subject to the overseas transfer charge	19. Foreign tax paid (in £ sterling) on box 18
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
7. Tax paid by your pension scheme on your overseas transfer charge	
0 0 0 0 0 0 0 0 0 0	

Tax avoidance schemes	
10. The scheme reference number or provider reference number	11. The tax year in which the expected advantage arises, for example, 2017-18 (YYYY YY)
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0

Disguised remuneration	
Only complete this section if you used a disguised remuneration avoidance scheme. Read the notes before completing this section.	
Non PAYE employment income	Self-employed and partnership income where trading loss ceased
12. Amount of non-PAYE disguised remuneration employment income	13. Amount of disguised remuneration taxable as income in 2016-18
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
14. Amount of disguised remuneration to be treated as income of an earlier year	15. The year income in box 13 is to be taxed, for example 2017-18 (YYYY YY)
0 0 0 0 0 0 0 0 0 0	0 0 0 0 0 0 0 0 0 0
16. The year income in box 14 is to be taxed, for example 2017-18 (YYYY YY)	
0 0 0 0 0 0 0 0 0 0	

7	Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
8	Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
9	Lifetime Allowance tax paid by your pension scheme	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
10	Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
11	Annual Allowance tax paid or payable by your pension scheme	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
11.1	Value of pension benefits transferred subject to the overseas transfer charge	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
11.2	Tax paid by your pension scheme on your overseas transfer charge	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
12	Pension scheme tax reference number	PSTR <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
13	Amount of unauthorised payment from a pension scheme, not subject to surcharge	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
14	Amount of unauthorised payment from a pension scheme, subject to surcharge	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
15	Foreign tax paid on an unauthorised payment (in £ sterling)	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
16	Taxable short service refund of contributions (overseas pension schemes only)	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>
Box 17 is not in use		
18	Foreign tax paid (in £ sterling) on box 16	£ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> • <input type="text"/> <input type="text"/> <input type="text"/>

## Scheme pays deadline


The JP Morgan scheme pays election must be submitted by the end of November to be paid by 31 January

# key considerations.

- It may be possible to avoid an AA charge by reducing or stopping contributions
- You can contact Willis Towers Watson about your options
- If you incur an AA charge of £500 or more, you have the option to pay the charge from your JP Morgan UK Pension Plan
- If your total pension contributions exceed £60,000, you will receive a letter warning you of a potential AA charge
  - You may not incur an AA charge if you have carry forward available
  - You could incur an AA charge before reaching this limit if you have an AA below £60,000

Make use of the MyPensionTax guide available on the MyPension website for detailed information on limits, workbooks and applying for Scheme Pays

# taking action.




Work out whether the tapered annual allowance will apply to you and make use of the MyPensionTax guide



Check whether you expect to exceed your annual allowance




Look at ways of making use of any available annual allowance carry forward



Don't assume the best course of action is to opt-out of your pension plan, it may be in your interest to pay the AA tax charge



Consider other savings vehicles (e.g. ISAs)



Speak to your partner about whether they are making use of their annual allowance

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next steps.



# further information.

Further information on the  
annual allowance:  
[www.gov.uk/tax-on-your-private-pension/annual-allowance](http://www.gov.uk/tax-on-your-private-pension/annual-allowance)

Further information on the  
lifetime allowance:  
[www.gov.uk/tax-on-your-private-pension/lifetime-allowance](http://www.gov.uk/tax-on-your-private-pension/lifetime-allowance)

For information and guidance on  
financial matters:  
[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

To obtain a State Pension  
statement:  
[www.gov.uk/state-pension-statement](http://www.gov.uk/state-pension-statement)

# seminars available to you.

In conjunction with Wealth at Work there are a range of financial education seminars available to you:

01



## Early Career

"Start thinking about your financial future"

02



## Mid Career

"Understand your finances and plan for the future"

03



## Late Career

"Planning for your retirement"

04



## Parental Leave

"Understanding your finances when going on (and returning from) parental leave"

05



## Saving and Investing

"Get your savings and investments moving in the right direction"

06



## Estate Planning

"Managing your estate and getting it in order"

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# seeking advice.

An adviser will assess your circumstances, objectives and risk profile and provide you with a personal recommendation to meet your objectives.

All regulated firms are listed on the Financial Services Register, this provides confirmation that the firm is authorised, the specific services they are authorised to provide and details of the advisers who work for them.

Financial Services Register link:

- <https://register.fca.org.uk>

# contact us.

We provide a telephone helpline and a regulated investment advice service through **my wealth** - a trading name of Wealth at Work Limited which is part of the Wealth at Work group.

It helps individuals to understand their personal financial situation especially when selecting their retirement income options.

• Telephone **0800 028 3200**

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thank you.

0800 028 3200

[www.wealthatwork.co.uk/mywealth](http://www.wealthatwork.co.uk/mywealth)

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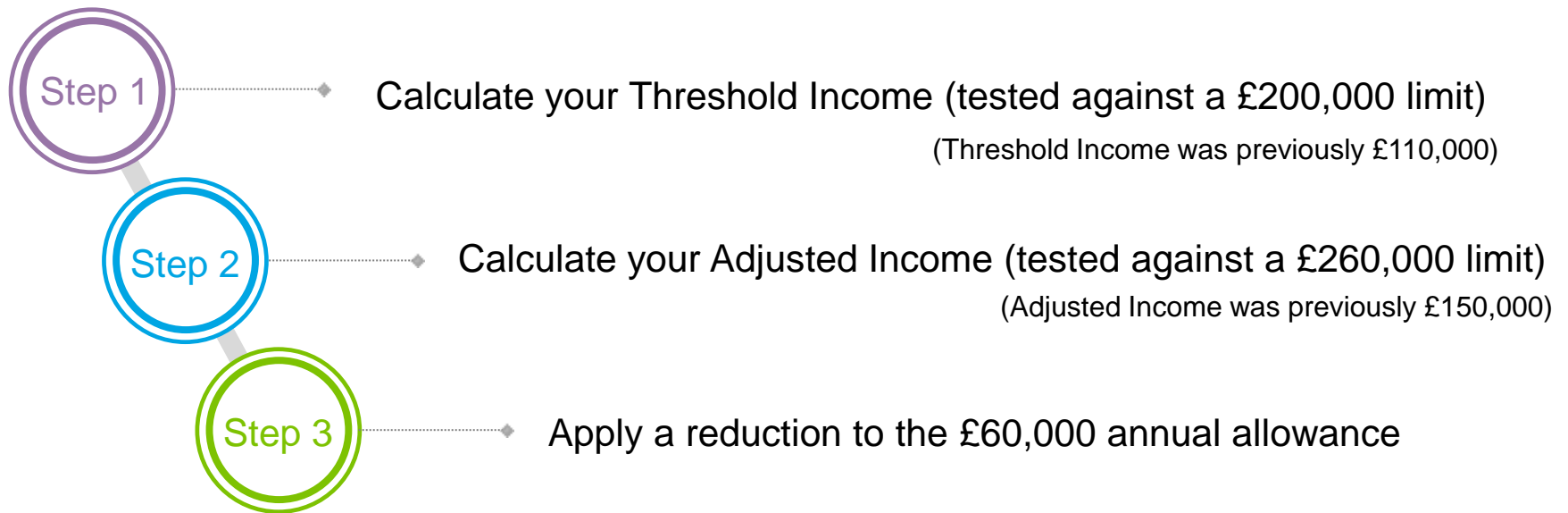
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# the tapered annual allowance.

You may have a reduced annual allowance if your total taxable income exceeds £200,000

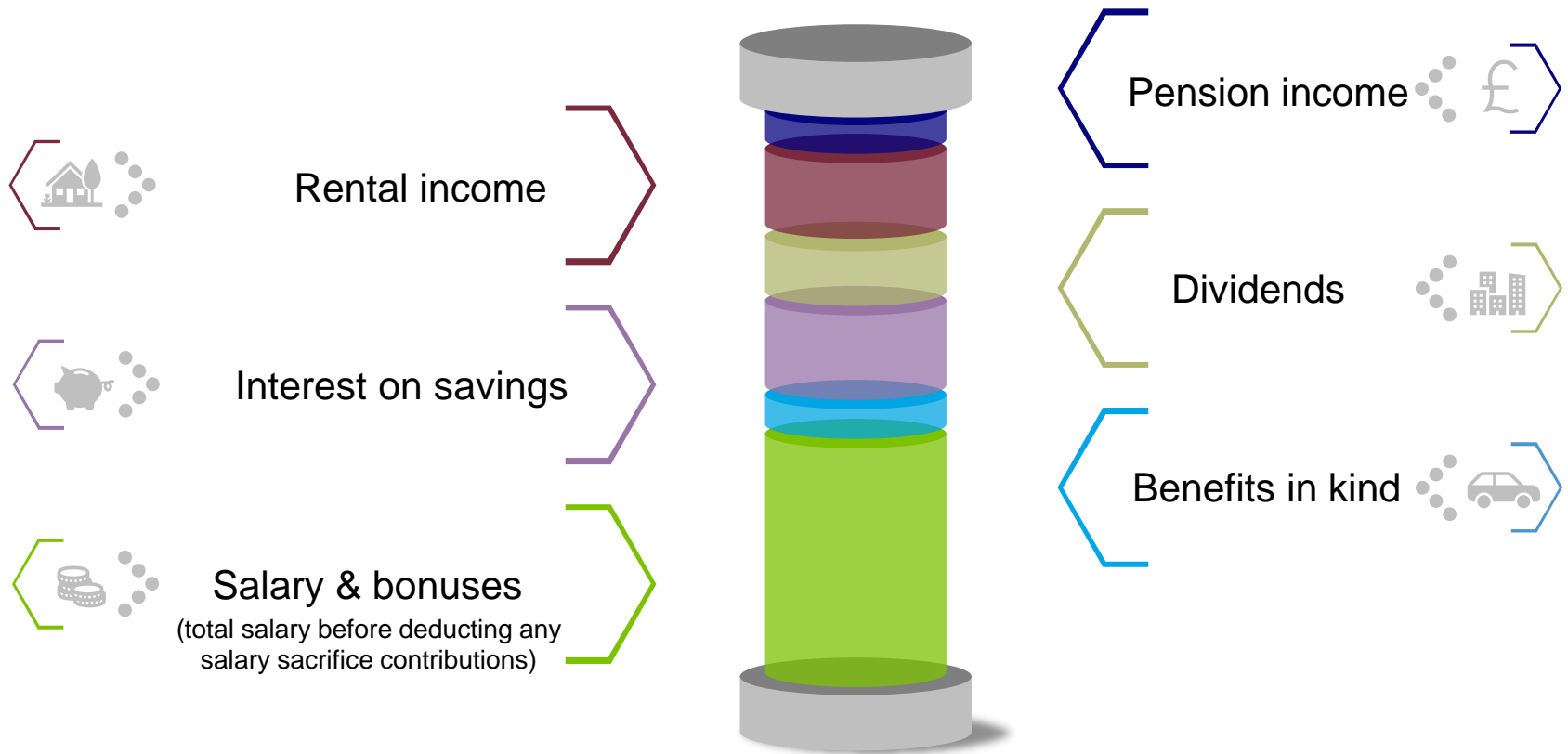
Calculating the tapered annual allowance is a 3-step process:



# the tapered annual allowance.

## Step 1 – calculating your 'Threshold Income'

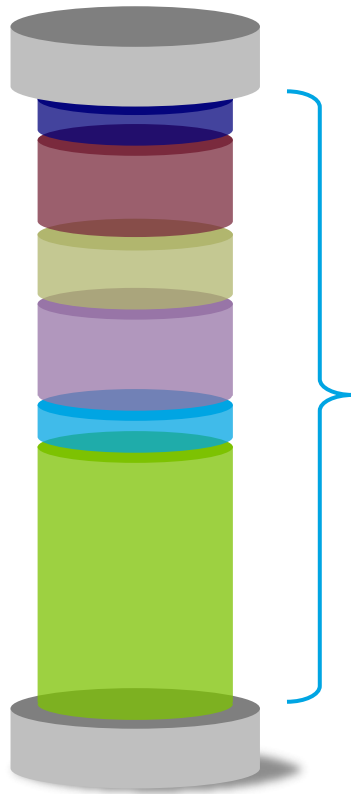
**Begin by calculating your total taxable income...**



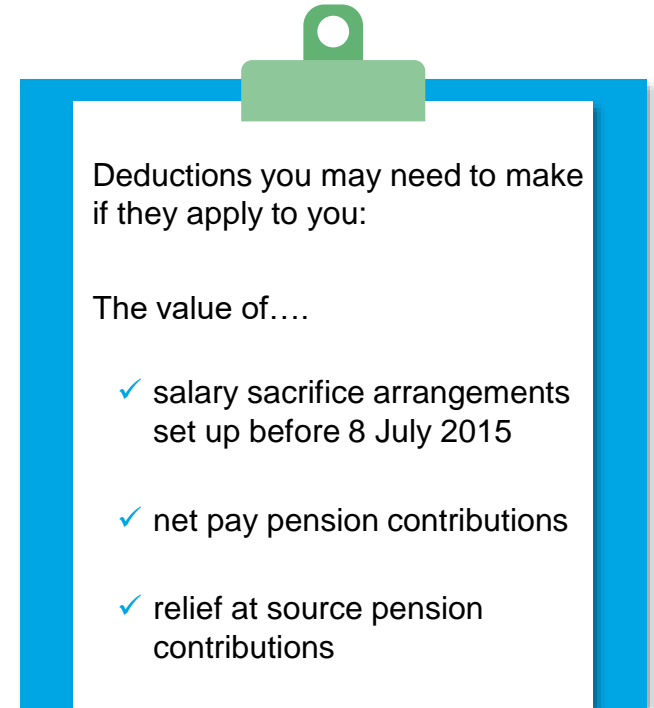
# the tapered annual allowance.

## Step 1 – calculating your 'Threshold Income'

**Begin by calculating your total taxable income...**



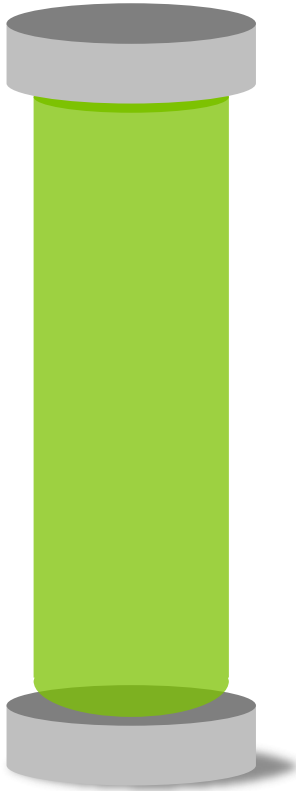
For some this will be the  
'Threshold Income'



# the tapered annual allowance.

## Step 1 – calculating your 'Threshold Income'

**Begin by calculating your total taxable income...**



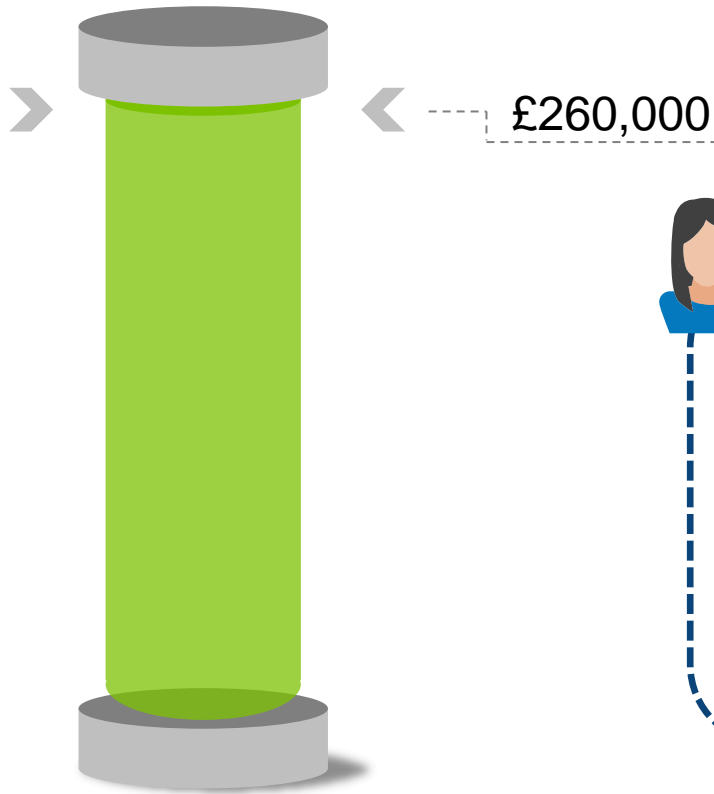
Pre 8 July 2015 salary sacrifice members ...

- JP Morgan salary = £250,000
- Of which £8,460 (6% of £141k) is sacrificed into the JP Morgan UK Pension Plan
- No other income or deductions
- Threshold Income = £250,000 - £8,460
- As this exceeds £200,000 we move to

Step 2 →

# the tapered annual allowance.

## Step 2 – calculating your 'Adjusted Income'

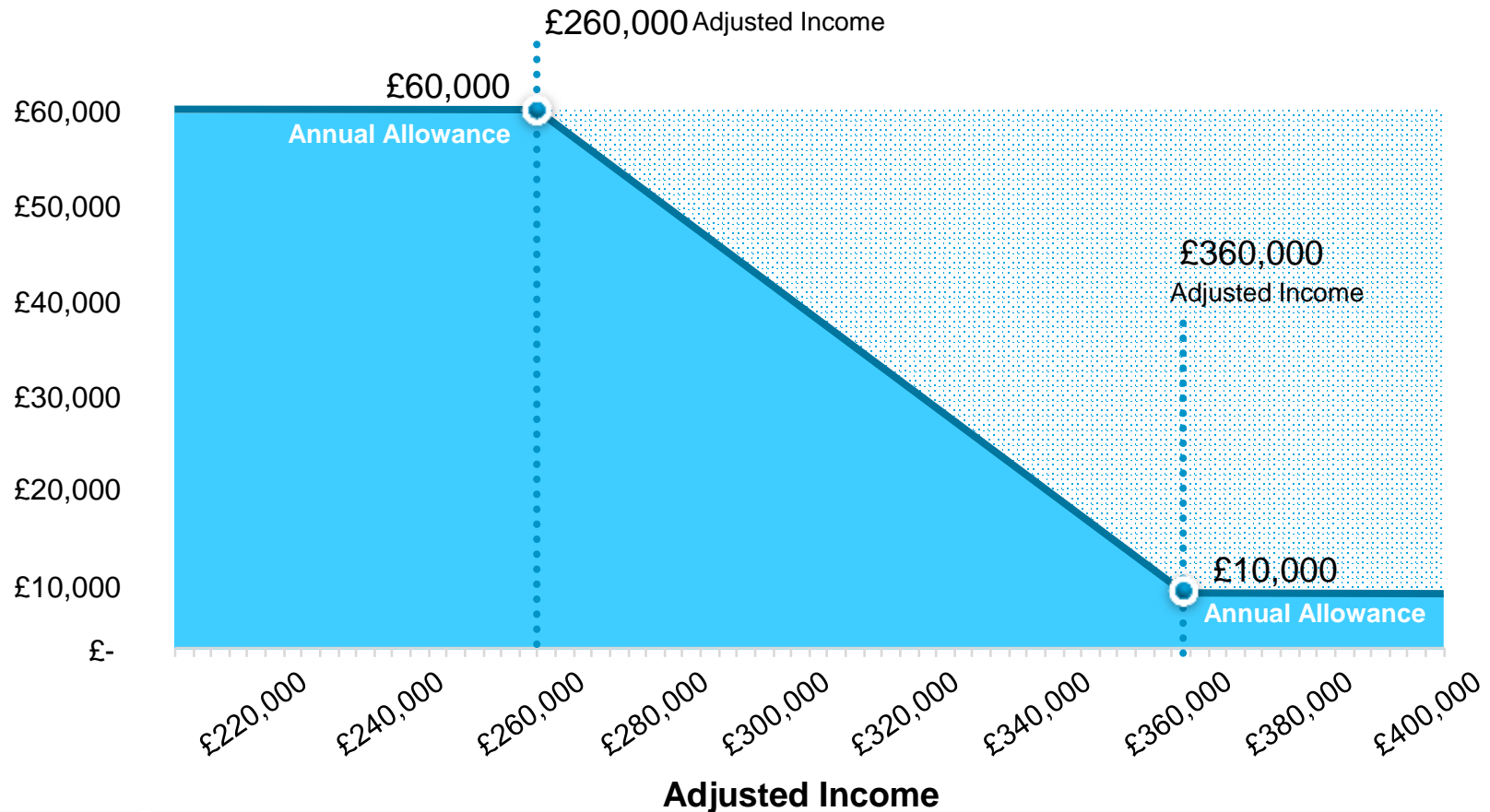


### Example Continued...

- Add JP Morgan matching and core pension contributions
- 12% of £141,000 = £16,920
- £250,000 + £16,920 = £266,920

# applying the taper.

For every £2 that an individual's adjusted income exceeds £260,000, the annual allowance is reduced by £1 up to a maximum reduction of £50,000.



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thank you.

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