



# Pension Planning at Tax Year End



This content is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which are liable to change without notice. The impact of any taxation (and any tax reliefs) depends on individual circumstances.

Where content includes case studies or examples these are for illustration purposes and are not recommending a specific course of action.

Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and your client may get back less than they've paid in.

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# Learning Objectives

By the end of this session, you will be able to

Explain the operation of  
pension tax relief

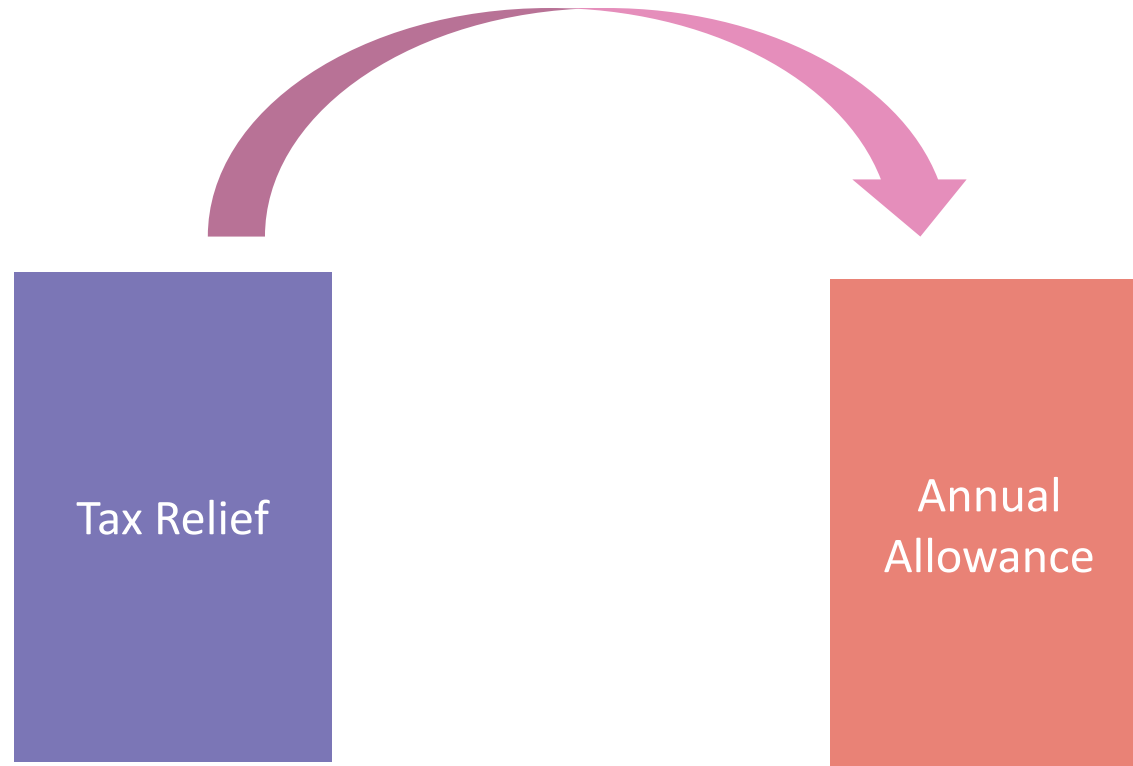
Describe the interaction of  
annual allowance with  
pension tax relief

Identify clients who could  
have improved outcomes  
through using pension  
contributions



# Pension Tax Relief Matters

# One before the other



# Tax Relief Eligibility

Relevant UK Individual

Relevant UK Earnings

Under the age of 75  
(for personal tax relief)

# Tax Relief Limits

Relevant UK Individual

Relevant UK Earnings

## Personal contributions

- 100% of relevant earnings or £3,600 if higher

## Third party contributions

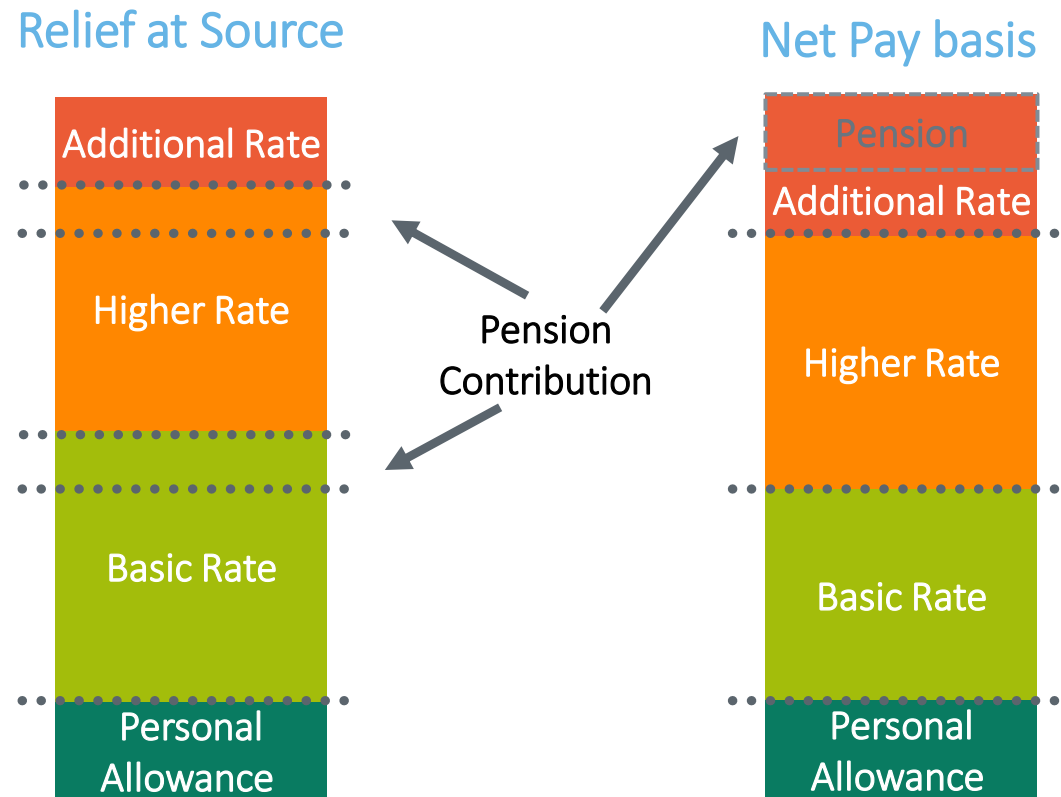
- 100% of relevant earnings or £3,600 if higher

## Employer contributions

- Wholly & Exclusively rules

← No link to earnings!

# Pension tax relief





# Annual Allowance Matters

# AA Limits

Standard AA

£60,000

MPAA

£10,000





Tapered AA

£10,000 -  
£60,000



Carry Forward

# Carry Forward

What's it for		Mitigate Annual Allowance charges
Eligibility		From 1 <sup>st</sup> tax year joined a scheme No earnings or contributions needed
Who benefits		Anyone whose inputs exceed their annual allowance
Using carry forward		Up to 3 yrs <b>unused</b> allowance can be carried forward to current tax year No need to make a claim

Does **NOT** apply to MPAA

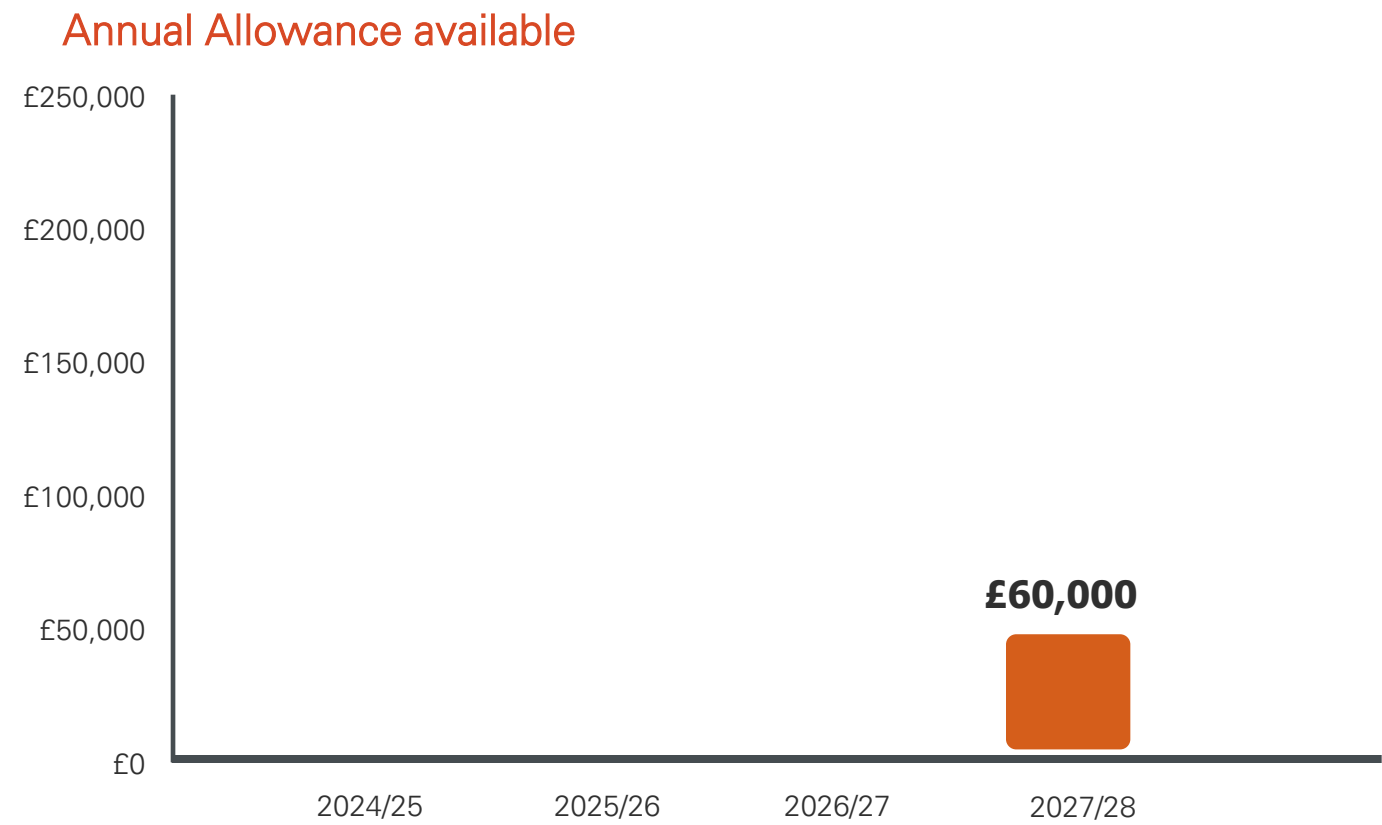
## How much AA in 2024/25

	2020/21	2021/22	2022/23	2023/24	2024/25
Pension Inputs	£26,000	£25,000	£49,000	£92,000	
Unused	£14,000	£15,000	£11,000	-£32,000	£60,000
Used in 2023/24	£14,000	£15,000	£3,000	-£32,000	
Unused for 2024/25	£0	£0	£8,000	£0	£8,000
					£68,000

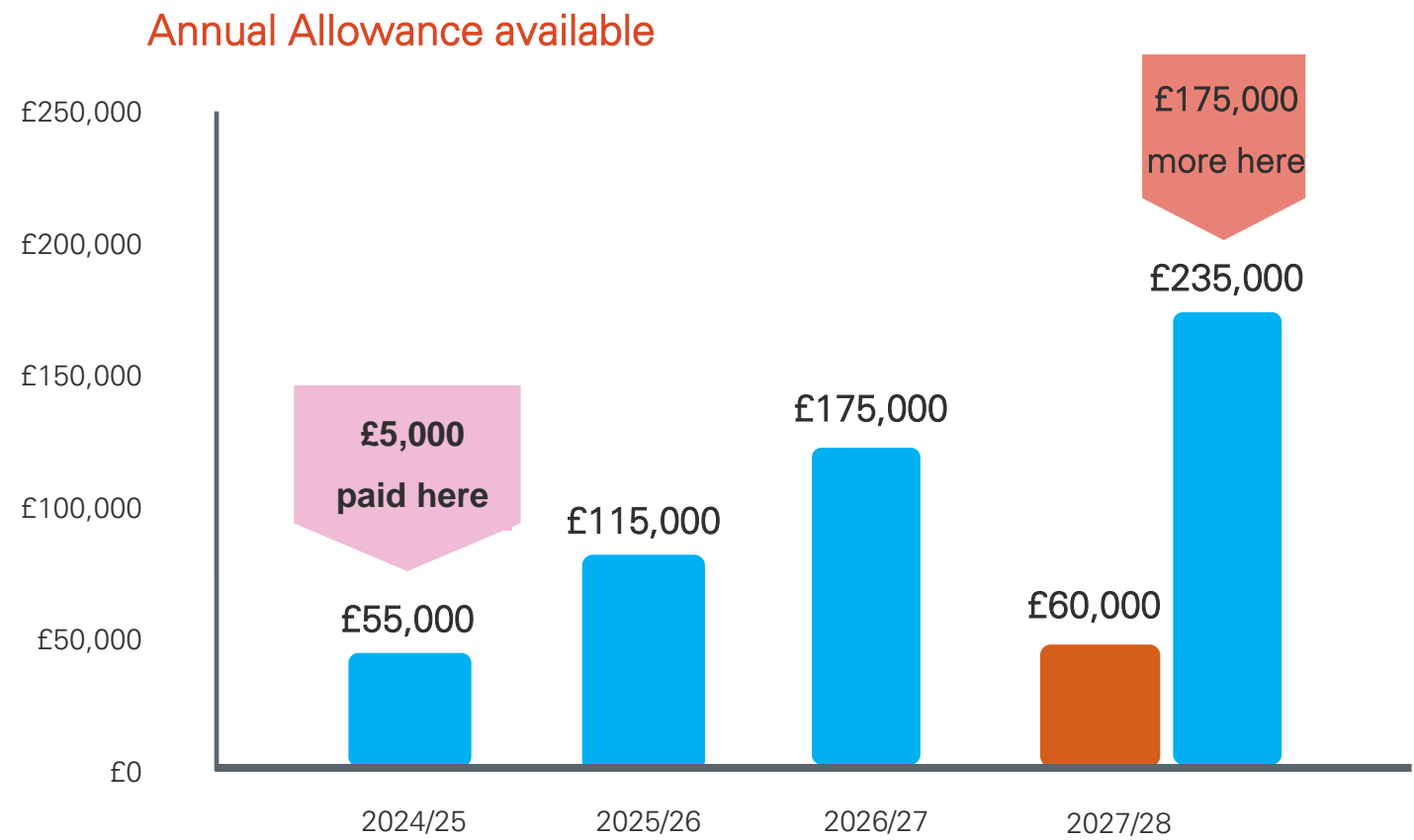
Don't look back for just 3 years...

1. Go back until you've three excess free years
2. Uncover unused allowances

# The benefits of joining a pension plan early



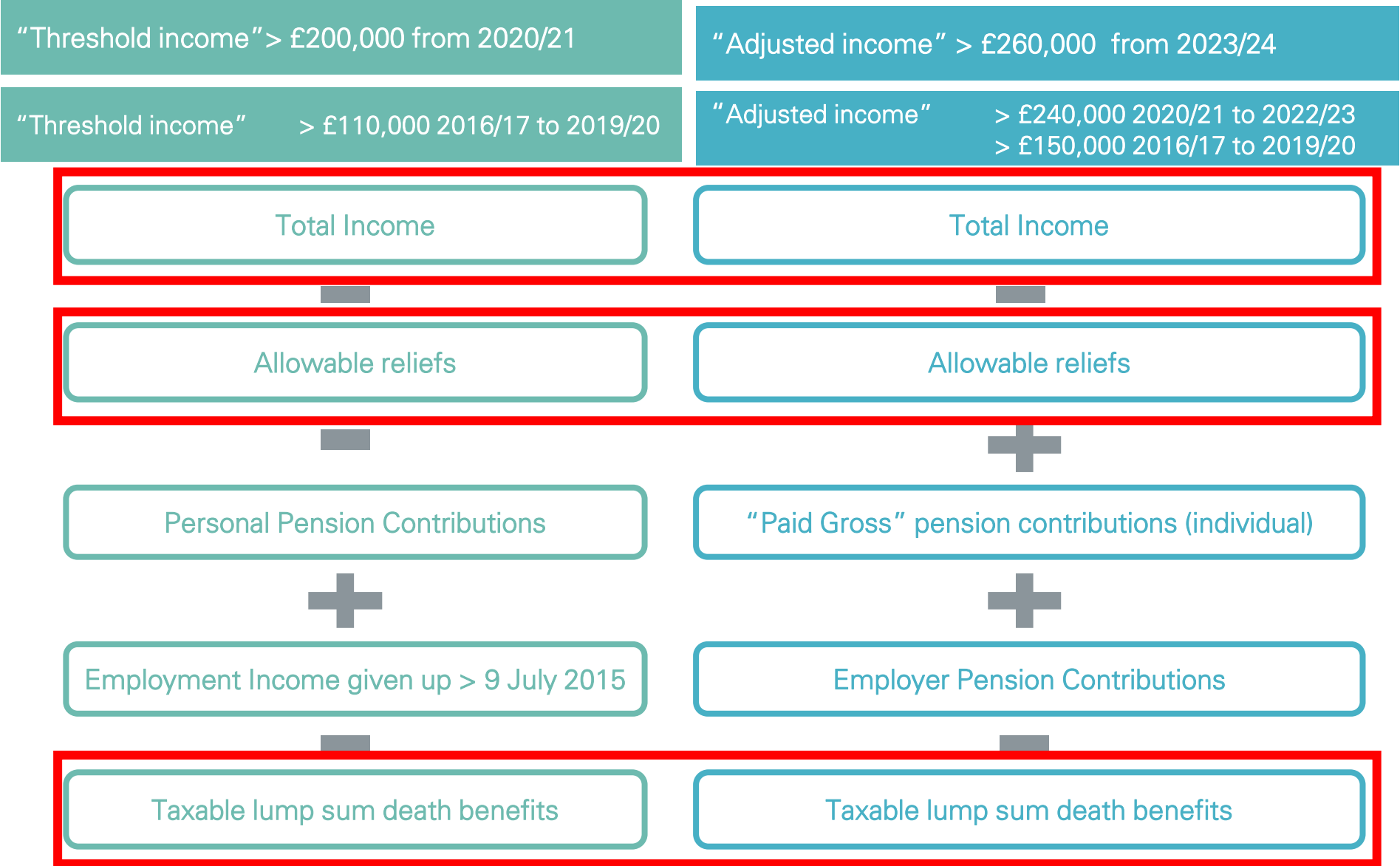
# The benefits of joining a pension plan early





# Tapered Annual Allowance

# Threshold Income & Adjusted Income



# What's included in Total Income?

Income Tax Act 2007  
(Section 23)

Allowable Reliefs  
(Sections 24 & 25)



# The Easy Way

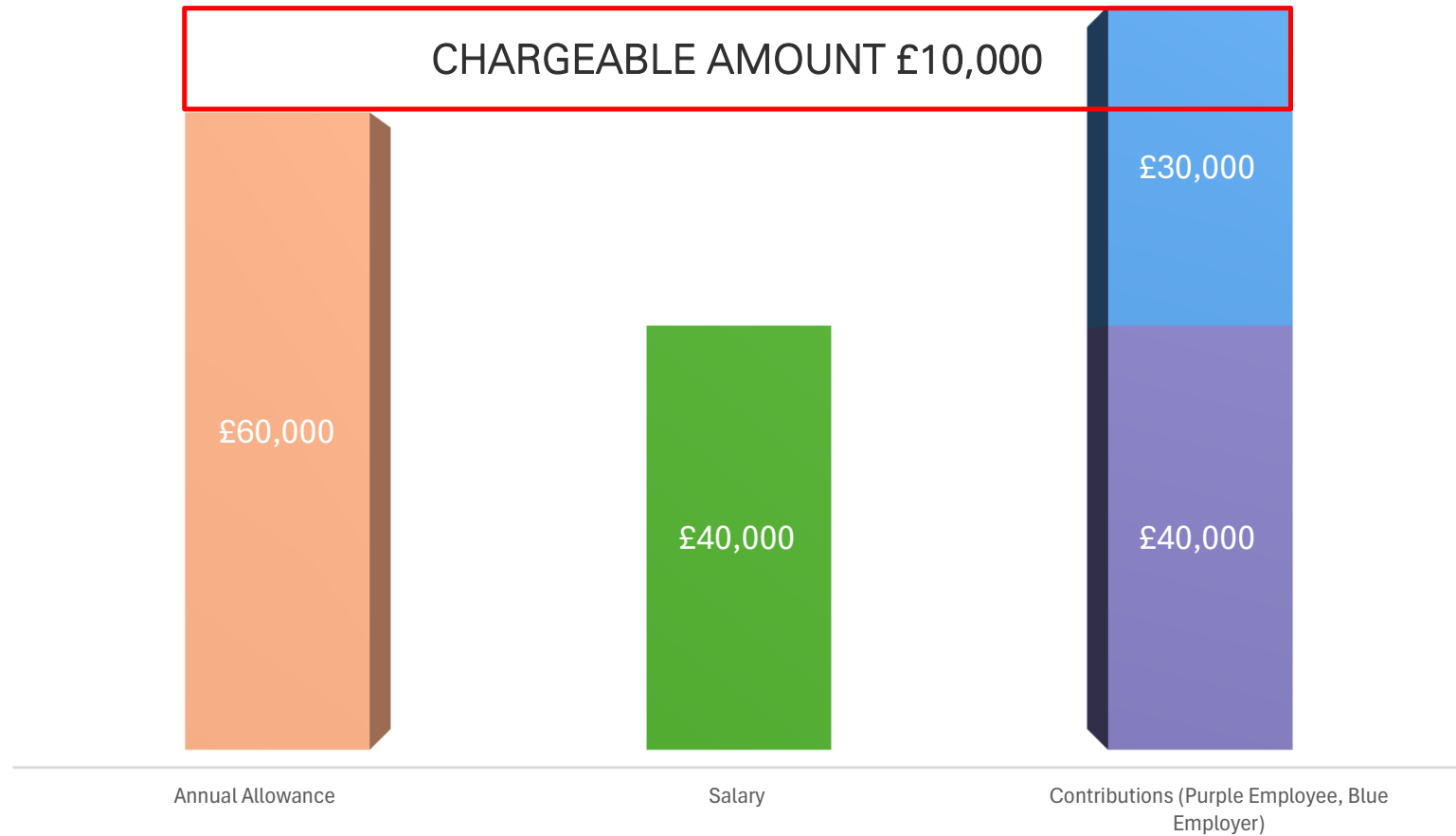
## Tapered Annual Allowance Calculator 2022/23 Tax Year

Instructions:		Adjusted Income	Threshold Income
<p>Input relevant figures in white boxes. Tapered Allowance will be calculated where relevant. For income definitions see Pensions Tax Manual - PTM057100</p>			
Total Income (please remember to deduct net pay contributions from this figure)	£0.00	£0.00 -	£0.00 -
Allowable Reliefs	£0.00	£0.00 +	£0.00
Net Pay Contributions (including any s226 contributions)	£0.00	£0.00	-
Relief at Source contributions (Gross)	£0.00	+ £0.00	£0.00
<b>Value of employer pension contributions</b>			
Employer Pension Contributions to Money Purchase	£0.00	£0.00 +	-
Total DB Pension Input Amount for year	£0.00	£0.00 -	-
Total gross employee contribution to DB scheme(s) included above	£0.00	£0.00	-
Employment Income given up post 09/07/15 e.g. Salary Sacrifice - Remember to add the new employer contribution above	£0.00	- £0.00	-
Taxable Lump Sum Death Benefits (Gross Value)	£0.00	£0.00	£0.00
<b>Totals</b>		<b>£0.00</b>	<b>£0.00</b>
Limit based on 2019/2020 income		No	No
Is the Taper Triggered?	No	Reset	
Annual Allowance for 2022/23	£40,000		
<p>Warning, once you have calculated the remaining AA for the member be aware that any further contributions may change the tapered calculation.</p> <p>For instance if the employer is planning to contribute the remaining AA for a member, the contribution they can make will be roughly two thirds of the remaining AA that has been calculated.</p>			

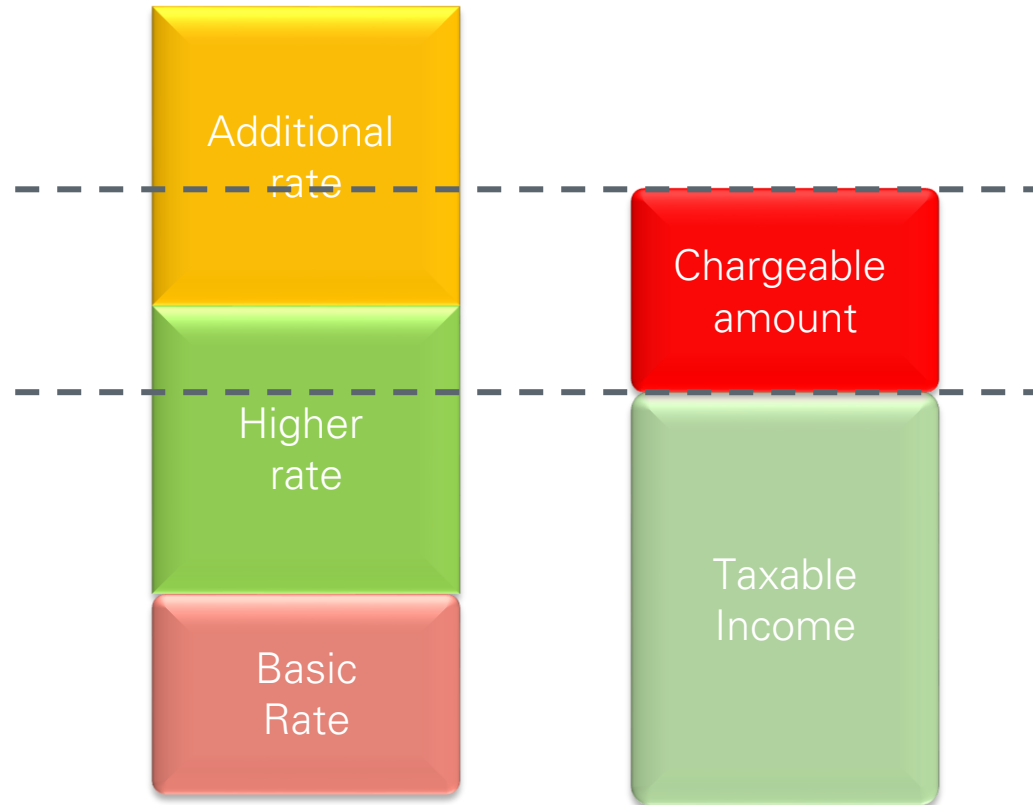


# Exceeding the AA and Carry Forward

# Exceeding the allowance



# The tax charge





# Lifetime Allowance Protection Matters

April 5<sup>th</sup> 2025

Individual Protection  
2016

Fixed Protection  
2016

Lifetime Allowance  
Enhancement Factors



# Planning Matters

# Do you just stop at the AA?

£100k  
salary

Employer 6%

Employee 6%  
Employer 6%

Employee 6%  
Employer 12%

Pension  
Fund

£6,000

£12,000

£18,000

Pension Fund less  
40% AA Charge

£3,600

£7,200

£10,800

Net cost  
40% taxpayer – **Scheme Pays**

£0

£3,600

£3,600

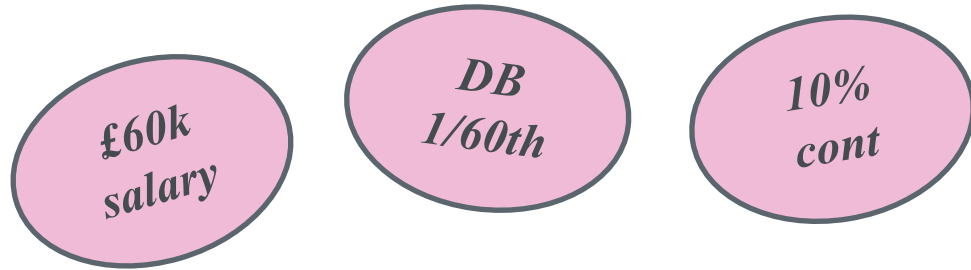
Pension taken in  
Basic Rate (25% PCLS)

£3,060

£6,120

£9,180

# Do do you just stop at the AA?



Pension Accrued	$60,000/60 = £1,000$	Deduction (20:1)	$£6,400/20 = £320$
AA used	£16,000	Pension after AA charge	$£1,000 - £320 = £680$
AA charge 40%	£6,400	Net cost	$£6,000 - 40\% = £3,600$
		Net cost Member Pays	£10,000

## Case study: Peter



“Salary” **£285,000**



Personal net pay  
contributions **£10,000**



Employer Contributions  
**£20,000**



**£7,500** of AA Left



Employer makes extra  
payment of **£7,500**



(Uses all available AA?)

# It depends on how you do it!

## Tapered Annual Allowance Calculator **2023/24 Tax Year**

### Instructions:

Input relevant figures in white boxes. Tapered Allowance will be calculated where relevant.

For income definitions see Pensions Tax Manual - PTM057100

Total Income (please remember to deduct net pay contributions from this figure)	<input type="text" value="£275,000.00"/>	Adjusted Income £275,000.00	Threshold Income £275,000.00
Allowable Reliefs	<input type="text" value="£0.00"/>	-	-
Net Pay Contributions (including any s226 contributions)	<input type="text" value="£10,000.00"/>	£0.00 +	£0.00
Relief at Source contributions (Gross)	<input type="text" value="£0.00"/>	£10,000.00	-
		+	£0.00
<u>Value of employer pension contributions</u>			
Employer Pension Contributions to Money Purchase	<input type="text" value="£27,500.00"/>	£27,500.00	-
Total DB Pension Input Amount for year	<input type="text" value="£0.00"/>	+	-
Total gross employee contribution to DB scheme(s) included above	<input type="text" value="£0.00"/>	£0.00	-
		-	£0.00
Employment Income given up post 09/07/15 e.g. Salary Sacrifice - Remember to add the new employer contribution above	<input type="text" value="£0.00"/>	£0.00	£0.00
Taxable Lump Sum Death Benefits (Gross Value)	<input type="text" value="£0.00"/>	-	-
		£0.00	£0.00
<b>Totals</b>		<b>£312,500.00</b>	<b>£275,000.00</b>
Limit breached?		Yes	Yes

Is the Taper Triggered?

Annual Allowance for 2023/24

Yes  
£33,750

Reset

Warning, once you have calculated the remaining AA for the member be aware that any further contributions may change the tapered calculation.

For instance if the employer is planning to contribute the remaining AA for a member, the contribution they can make will be roughly two thirds of the remaining AA that has been calculated.

Total Inputs  
£30,000

AA Excess  
£0

Total Inputs  
£37,500

AA Excess  
£3,750

## Case Study: Peter



"Salary" £285,000



Personal net pay  
contributions £10,000



Employer Contributions  
£20,000



£7,500 of AA Left



Has £67,500 carry  
forward



£75,000 of RAS payment  
made gross (£60,000 net)



(Uses all available AA?)

# It depends on how you do it!

**Instructions:**  
Input relevant figures in white boxes. Tapered Allowance will be calculated where relevant.  
For income definitions see Pensions Tax Manual - PTM057100

**2024/25 Tax Year**

		Adjusted Income	Threshold Income
Total Income <small>(please remember to deduct net pay contributions from this figure)</small>	£275,000.00	£275,000	£275,000
Allowable Reliefs	£0.00	£0	£0
Net Pay Contributions <small>(including any s226 contributions)</small>	£10,000.00	£10,000	-
Relief at Source contributions (Gross)	£75,000.00	-	£75,000
<b>Value of employer pension contributions</b>			
Employer Pension Contributions to Money Purchase	£20,000.00	£20,000	-
Total DB Pension Input Amount for year	£0.00	£0	-
Total gross employee contribution to DB scheme(s) included above	£0.00	£0	-
Employment Income given up post 09/07/15	£0.00	-	£0
Taxable Lump Sum Death Benefits (Gross Value)	£0.00	£0	£0
		£305,000	£200,000
		Yes	No
		Is the Taper Triggered?	No
		Annual Allowance for 2024	£60,000
		Reset	

Warning, once you have calculated the remaining AA for the member be aware that any further contributions may change the tapered calculation.

For instance if the employer is planning to contribute the remaining AA for a member, the contribution they can make will be two thirds of the remaining AA that has been calculated.

£7.5k left this year

Had £67.5k carry forward

Makes £75k RAS contribution

Threshold Income now £200k

NO Taper = £22.5k extra AA

£22.5k extra can be employee or employer, this won't affect threshold.

If only there was an easy way to do this...

## Annual Allowance Calculator

built by M&G

### Tax Year 2024/25

What tax year did individual first join a pension?  
(If a member prior to 2008/09 tax year select 2008/09).

2008/09

**Instructions for use**

Step1: Input tax year first joined a pension scheme.

Step2: Calculate tapered AA if applicable using grey button on right hand side.

Step3: Input existing pension input amounts in white boxes. Inputs are required until there is 3 clear years with no AA excess

**Total inputs for PIPs ending in Tax Year:**

Existing Inputs	
2008/09	£ -
2009/10	£ -
2010/11	£ -
2011/12	£ -
Inputs prior to 14/10/2010	£ -
Inputs on or after 14/10/2010	£ -
2012/13	£ -
2013/14	£ -
2014/15	£ -
2015/16	£ -
Inputs prior to 09/07/15	£ -
Inputs on or after 09/07/15	£ -
2016/17	£ -
2017/18	£ -
2018/19	£ -
2019/20	£ -
2020/21	£ -
2021/22	£ -
2022/23	£ -
2023/24	£ -
2024/25	£ -

2008/09 to 2010/11 - Inputs are capped at £50,000 for Carry Forward calculations

Straddling PIPs - if total inputs are less than or equal to £50,000 then put all in as post 14/10/2010. If total inputs are over £50,000 then you need to enter the pre and post 14/10/10 split of inputs.

**Tapered Annual Allowance Details**

	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	
	£	-	

Input the taper figures here if known - or select relevant tab(s) to calculate.

[Reset Summary](#)

#### Summary Information

<b>Existing Inputs</b>	
Annual Allowance	£60,000
Total Inputs	£0
Unused allowance from this year	£60,000
<u>Carry Forward available from:</u>	
2021/22	£40,000
2022/23	£40,000
2023/24	£60,000
	£140,000
<u>Maximum Allowance Remaining This Year</u>	£200,000
Chargeable Amount	£0

*see Carry Forward Workings for summary or full calculation*

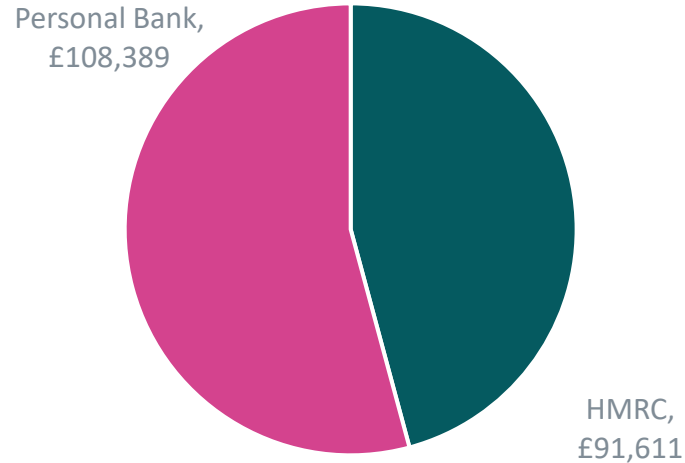
Tapered Annual Allowance Calculations		2024/25 Tax Year	
<p><b>Instructions:</b>            Input relevant figures in white boxes. Tapered Allowance will be calculated where relevant.            For income definitions see Pensions Tax Manual - PTM057100</p>		Adjusted Income	Threshold Income
Total Income (please remember to deduct net pay contributions from this figure)	<input type="text" value="£0.00"/>	£0 -	£0 -
Allowable Reliefs	<input type="text" value="£0.00"/>	£0 +	£0
Net Pay Contributions (including any s226 contributions)	<input type="text" value="£0.00"/>	£0	-
Relief at Source contributions (Gross)	<input type="text" value="£0.00"/>	-	£0
<p><b>Value of employer pension contributions</b></p> Employer Pension Contributions to Money Purchase	<input type="text" value="£0.00"/>	£0 +	-
Total DB Pension Input Amount for year	<input type="text" value="£0.00"/>	£0 -	-
Total gross employee contribution to DB scheme(s) included above	<input type="text" value="£0.00"/>	£0	-
Employment Income given up post 09/07/15	<input type="text" value="£0.00"/>	-	£0 -
Taxable Lump Sum Death Benefits (Gross Value)	<input type="text" value="£0.00"/>	£0	£0
		£0	£0
		No	No
<p>Warning, once you have calculated the remaining AA for the member be aware that any further contributions may change the tapered calculation.</p> <p>For instance if the employer is planning to contribute the remaining AA for a member, the contribution they can make will be two thirds of the remaining AA that has been calculated.</p>		Is the Taper Triggered? Annual Allowance for 2024/25	No £60,000
		Reset	



- Late 30s
- IT contractor, through limited company
- Contracts around £200,000 p.a.
- Married to Ted, who is self employed
- She's the main breadwinner
- 1 young child, 5 years
- Her company has been making £5,000 p.a. pension contributions to her SIPP for the last 5 years. She transferred £30,000 into her SIPP from an old GPP she had with a previous employer.

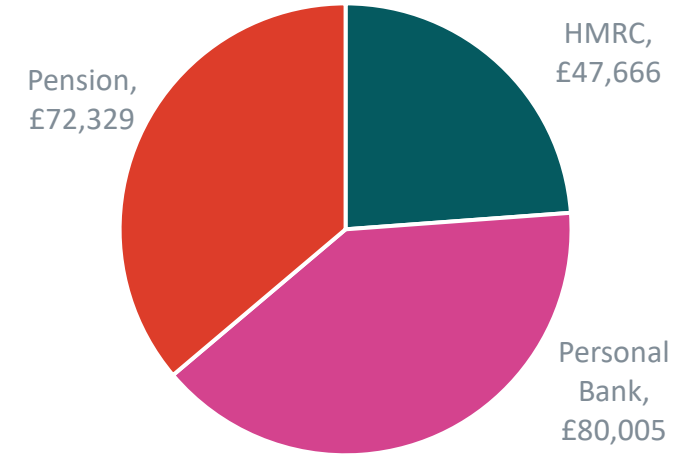
## £200,000 - Decisions, decisions...

<b>SALARY</b>
<b>£9,100</b>
<b>DIVIDENDS</b>
£144,062
<b>PENSION</b>
£0
<b>CO BANK AC</b>
£0



- Tax inefficient extraction – high tax (c46%)
- Significant cash for living expenses.
- No funds retained – future dividend source
- Additional rate tax liability
- Lost personal allowance
- Child benefit charge to pay
- Annual Allowance lost
- No pension provision

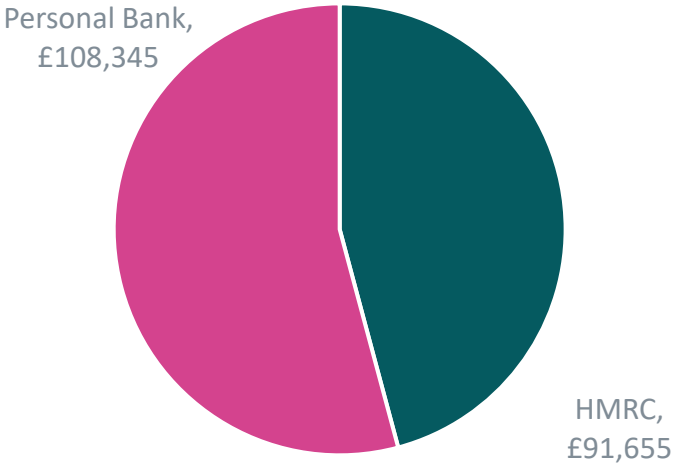
<b>SALARY</b>
<b>£9,100</b>
<b>DIVIDENDS</b>
£90,900
<b>PENSION</b>
£72,329
<b>CO BANK AC</b>
£0



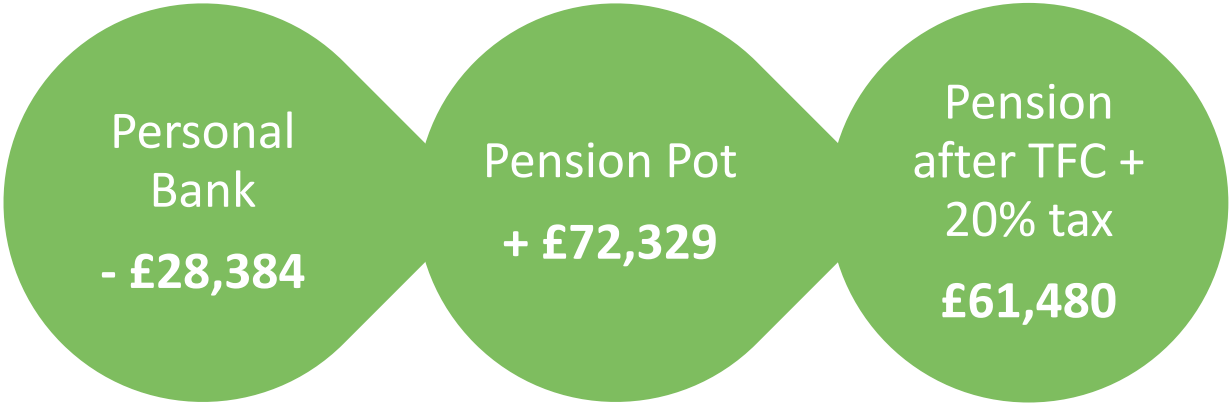
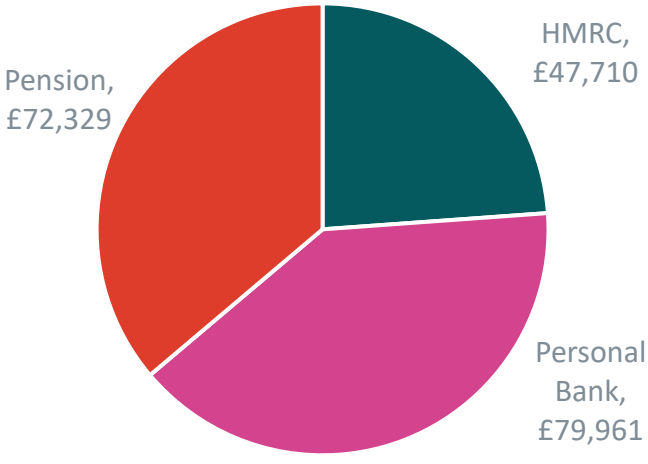
- Reduced taxation (c24%)
- Less cash for living expenses
- No funds retained – future dividend source
- No additional rate tax liability
- Personal allowance retained
- Child benefit charge to pay
- Some Annual Allowance used
- Pension provision made

# £200,000 - Decisions, decisions...

<b>SALARY</b>
<b>£9,100</b>
<b>DIVIDENDS</b>
<b>£144,061</b>
<b>PENSION</b>
<b>£0</b>
<b>CO BANK AC</b>
<b>£0</b>



<b>SALARY</b>
<b>£9,100</b>
<b>DIVIDENDS</b>
<b>£90,900</b>
<b>PENSION</b>
<b>£72,329</b>
<b>CO BANK AC</b>
<b>£0</b>



116%  
return!

# If only there was an easy way to do this...

Extracting Company Profits Tool

built by M&G

Tax Year 2024/25

RESET

Pre change position

Scottish Tax Payer

No

Available Profits

£200,000

Salary Paid

£9,100

Dividends Paid

£144,061

Gross value of individuals pension

Paid gross £9,0PS, RAG, AVC

£0

Relief at Source £9,0PP, CPP

£0

Employer Contributions

£0

Change (use a - for reductions)

Salary Paid

£0

Dividends Paid

£53,161

Employer Contributions

£72,329

After change

Salary

£9,100

Dividends

£90,900

Paid gross £9,0PS, RAG, AVC

£0

Relief at Source £9,0PP, CPP

£0

Employer Contributions

£72,329

Assumed rate of tax on pension income

20%

Reduction in individuals bank account

£28,384

Increase in pension provision

£72,329

Amount after PCLS and tax

£61,480

"Return" on bank account reduction

116.60%

Short Summary

Pre Change

After change

Difference

Individual Bank Account

£108,345

£79,961

£28,384

-26%

Company Bank Account

£1

£0

£1

-163%

Pension Contributions

£0

£72,329

£72,329

Infinite Increase

HMRC total take

£91,655

£47,710

£43,944

-48%

Detailed View

Individual

Pre Change

After change

Difference

Salary

£9,100

£9,100

£0

No change

Plus Dividend received

£144,061

£90,900

£53,161

-37%

Less Income Tax

£44,816

£20,039

£24,777

-55%

Less National Insurance

£0

£0

£0

No change

Less Contributions gross

£0

£0

£0

No change

Net Income

£108,345

£79,961

£28,384

-26%

Less Contributions paid net

£0

£0

£0

No change

Cash remaining

£108,345

£79,961

£28,384

-26%

Employer

Pre Change

After change

Difference

Available Profits

£200,000

£200,000

£0

No change

Less Dividend Paid

£144,061

£90,900

£53,161

-37%

Less Employer Pension Contributic

£0

£72,329

£72,329

Infinite Increase

Less Corporation Tax

£46,839

£27,671

£19,167

-41%

Less Salary Paid

£9,100

£9,100

£0

No change

Less Employers National Insurance

£0

£0

£0

No change

Profit remaining

£1

£0

£1

-163%

Pension Contributions

£0

£72,329

£72,329

Infinite Increase

This tool will enable you to sit with a client and discuss the different options that they have for extracting profits from their business. You can input a client's current remuneration structure and highlight the difference adjusting this structure can benefit them and possibly mitigate the tax and national insurance payable to HMRC.

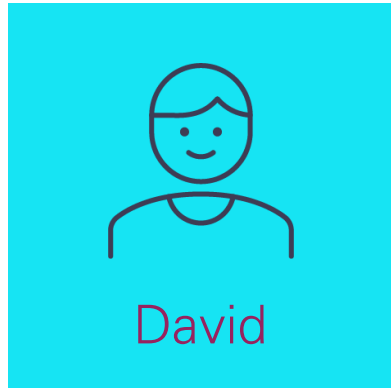
The above is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which is subject to change without notice. Every care has been taken as to its accuracy, but it must be appreciated that neither M&G nor its representatives can accept any responsibility for loss, however caused, suffered by any person who has acted or refrained from acting as a result of material contained in this calculator.

Please note that the tool uses Category A National Insurance. Any employment allowance which may be available is not taken into account. The employment allowance is not available for sole owner/directors.

Please note, this tool will cease to operate at the end of the tax year displayed above.

Tax legislation states that that the personal allowance may be deducted in the way which will result in the greatest reduction in the taxpayer's liability to income tax. The calculator however proceeds on the basis that it is offset firstly against non-savings income, then savings income and then dividend income. In particular circumstances, a different order may produce a more beneficial result for the individual.

# Tax relief example



Employed Manager

Paid a salary from his employer

Salary of £10,000 in higher rate

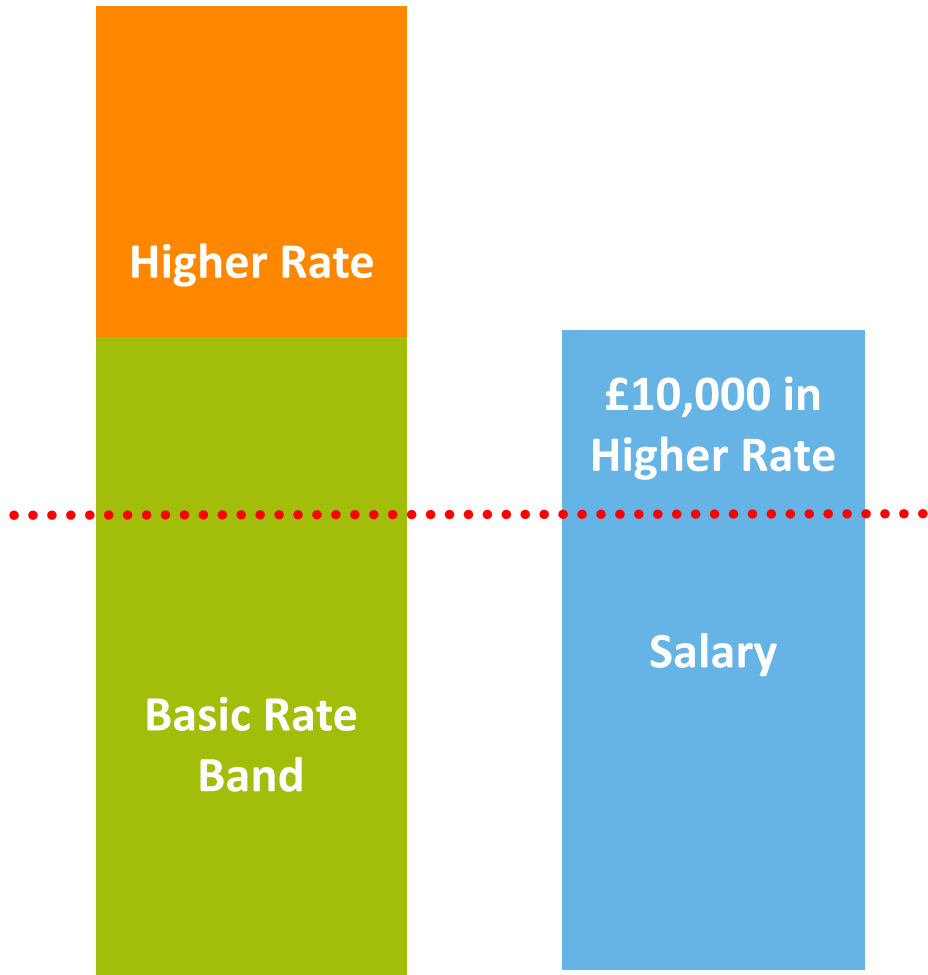


Company director

Draws a small salary and dividends

Dividends of £10,000 in higher rate

# David's tax relief - £10,000 contribution

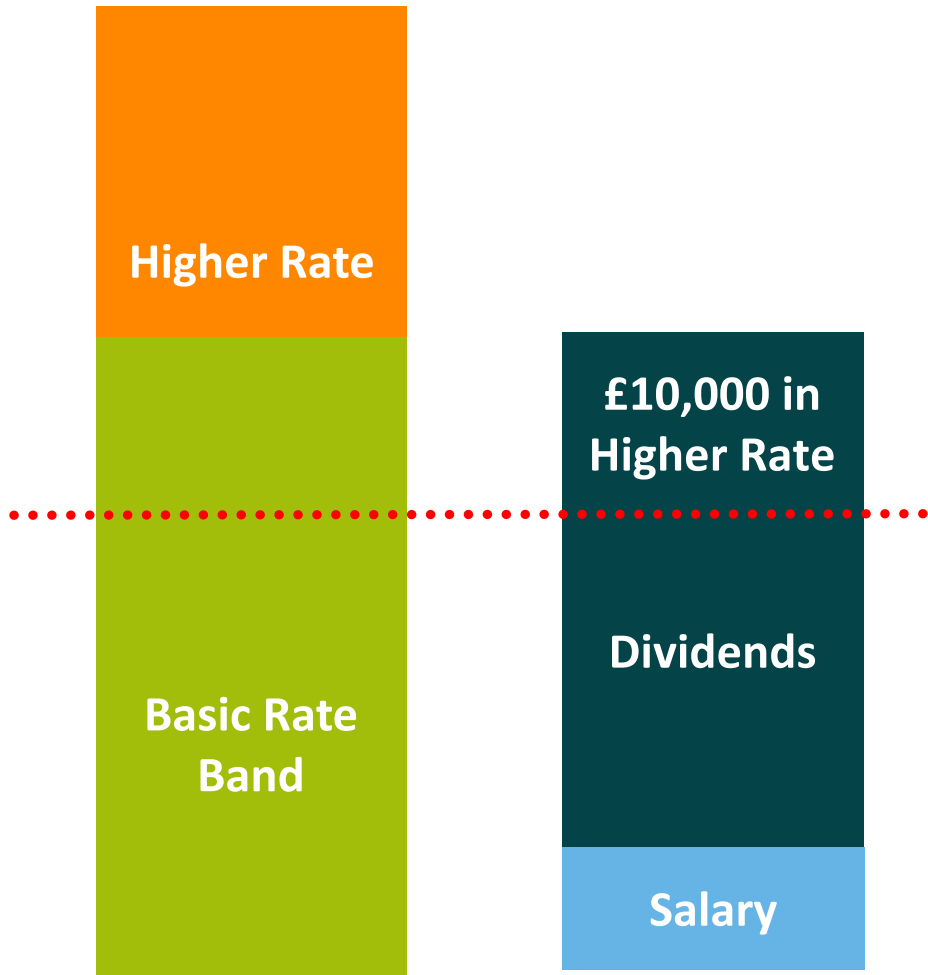


20% Basic Rate relief at source

The difference between higher and  
basic rate tax on salary  
(40% - 20% = 20%)

Tax relief = 40%

# Janine's tax relief - £10,000 contribution

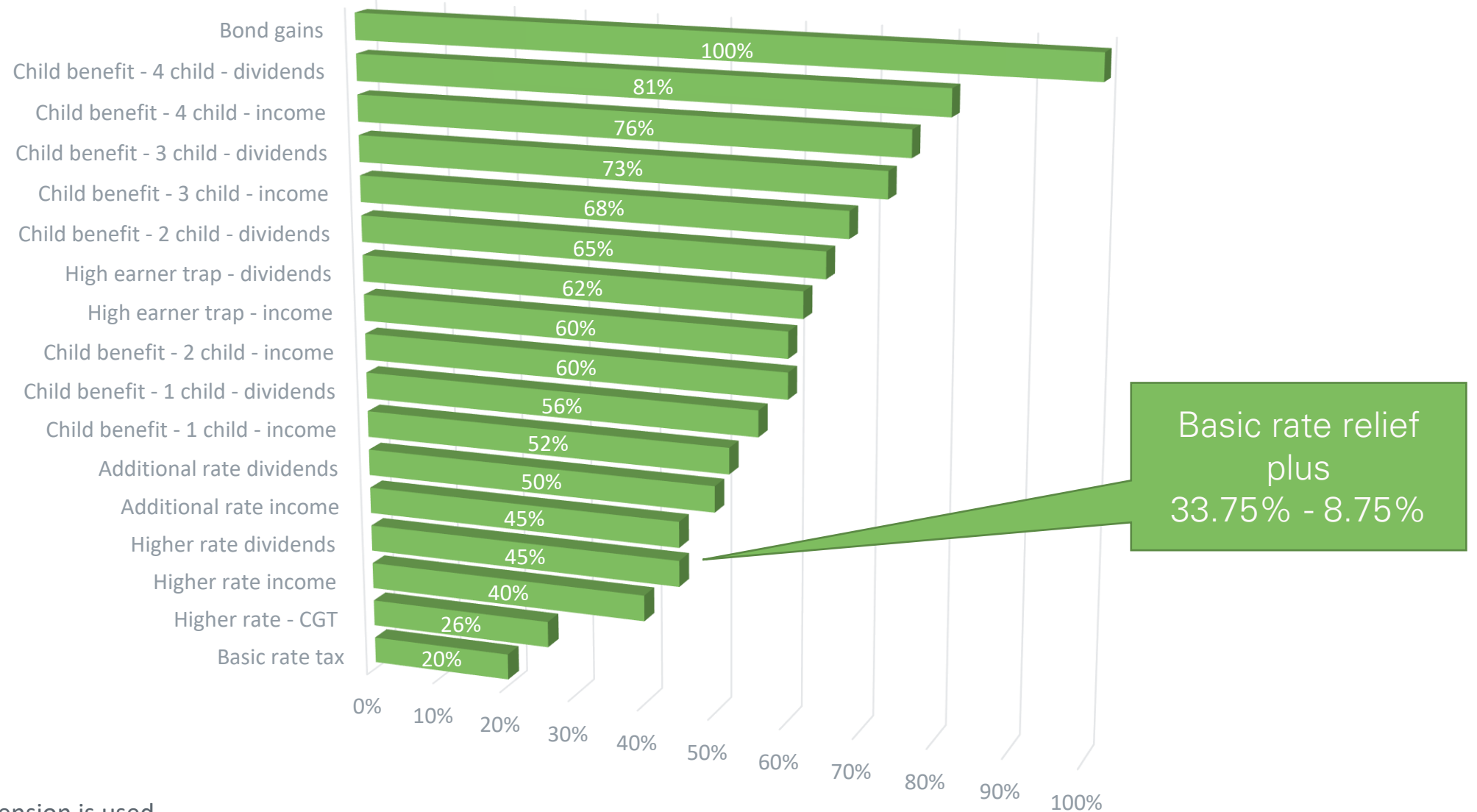


20% Basic Rate relief at source

The difference between higher and  
basic rate tax on dividends  
 $(33.75\% - 8.75\% = 25\%)$

Tax relief = 45%

# Tax Relief – Effective rates



Assumes a relief at source pension is used.

ABOUT YOUR CLIENT

What is the client's age?

Under 75

Scottish Tax Payer?

No

Number of Children

Gift Aid (Gross amt)

CHARGEABLE EVENTS - BOND GAINS

Onshore Gain 1

Onshore Gain 2

Onshore Gain 3

Onshore Gain 4

Offshore Gain 1

Offshore Gain 2

Offshore Gain 3

Offshore Gain 4

Years Gain 1 (N)

Years Gain 2 (N)

Years Gain 3 (N)

Years Gain 4 (N)

Slice 1

Slice 2

Slice 3

Slice 4

Years Gain 1 (N)

Years Gain 2 (N)

Years Gain 3 (N)

Years Gain 4 (N)

Slice 1

Slice 2

Slice 3

Slice 4

INCOME SOURCES

Employment Income

Benefits in Kind

Taxable Self Employed Profits

UFPLS (taxable element)

Drawdown / Annuity Income

State Pension Income

Purchased Life Annuity Income

Gross Savings Interest

Dividends

Non Residential Capital Gains

Residential Capital Gains

Taxable Redundancy Payment

Rental Income - Relevant

Rental Income - Not relevant

EXISTING PENSION CONTRIBUTIONS

Relief at Source (Net Amount)

Contributions paid gross

NEW PENSION CONTRIBUTIONS

Relief at Source (Net Amount)

Contributions paid gross

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BEFORE NEW CONTRIBUTIONS		AFTER NEW CONTRIBUTIONS		DIFFERENCE	PENSION SUMMARY	
"Total Income"	£0	"Total Income"	£0	£0	Relevant Earnings	£0
Adjusted Net Income	£0	Adjusted Net Income	£0	£0	Contributions: Existing	£0
Personal Allowance	£12,570	Personal Allowance	£12,570	£0	New	£0
Personal Savings Allowance	£0	Personal Savings Allowance	£0	£0	Total	£0
Child Benefit Charge	£0	Child Benefit Charge	£0	£0		
Capital Gains Tax	£0	Capital Gains Tax	£0	£0		
Tax Liability	£0	Tax Liability	£0	£0	Effective Rate	
					of	0.00%
					Tax Relief	
					(on new contributions)	
Bond Gains Summary		Bond Gains Summary				
Tax on gains	£0	Tax on gains	£0	£0		
Onshore Tax Credit	£0	Onshore Tax Credit	£0	£0		
Top slicing relief	£0	Top slicing relief	£0	£0		
Liability	£0	Liability	£0	£0		
"Bank Balance"	£0	"Bank Balance"	£0	£0		

Important Information

Before using this tool you should read the *Important information about this tool* and *Important information about the calculations* included on the "Home" tab.

Hover over the red tags beside fields for further information.

What's  
the  
record?

# Tax Relief Modeller Tool

built by M&G

## ABOUT YOUR CLIENT

What is the client's age?

Under 75

Scottish Tax Payer?

No

Number of Children

Gift Aid (Gross amt)

## CHARGEABLE EVENTS - BOND GAINS

Onshore Gain 1	250,000	Years Gain 1 (N)	37	Slice 1	6,757
Onshore Gain 2		Years Gain 2 (N)		Slice 2	
Onshore Gain 3		Years Gain 3 (N)		Slice 3	
Onshore Gain 4		Years Gain 4 (N)		Slice 4	
Offshore Gain 1		Years Gain 1 (N)		Slice 1	
Offshore Gain 2		Years Gain 2 (N)		Slice 2	
Offshore Gain 3		Years Gain 3 (N)		Slice 3	
Offshore Gain 4		Years Gain 4 (N)		Slice 4	

## INCOME SOURCES

Employment Income	
Benefits in Kind	
Taxable Self Employed Profits	
UFPLS (taxable element)	
Drawdown / Annuity Income	
State Pension Income	8,000
Purchased Life Annuity Income	

Gross Savings Interest	
Dividends	
Taxable Capital Gains (10%/20%)	
Taxable Capital Gains (18%/28%)	
Taxable Redundancy Payment	
Rental Income - Relevant	
Rental Income - Not relevant	38,000

## EXISTING PENSION CONTRIBUTIONS

Relief at Source (Net Amount)

Contributions paid gross

## NEW PENSION CONTRIBUTIONS

Relief at Source (Net Amount)

Contributions paid gross

2,880

R  
E  
S  
E  
T

## BEFORE NEW CONTRIBUTIONS

"Total Income"	£296,000
Adjusted Net Income	£296,000
Personal Allowance	£0
Personal Savings Allowance	£0
Child Benefit Charge	£0
Capital Gains Tax	£0
Tax Liability	£29,262
Bond Gains Summary	
Tax on gains	£107,300
Onshore Tax Credit	£50,000
Top slicing relief	£38,898
Liability	£18,402
"Bank Balance"	£266,738

## AFTER NEW CONTRIBUTIONS

"Total Income"	£296,000
Adjusted Net Income	£292,400
Personal Allowance	£0
Personal Savings Allowance	£0
Child Benefit Charge	£0
Capital Gains Tax	£0
Tax Liability	£10,140
Bond Gains Summary	
Tax on gains	£107,120
Onshore Tax Credit	£50,000
Top slicing relief	£57,120
Liability	£0
"Bank Balance"	£282,980

## DIFFERENCE

£0
-£3,600
£0
£0
£0
£0
-£19,122
£180
£0
£18,222
-£18,402
£16,242

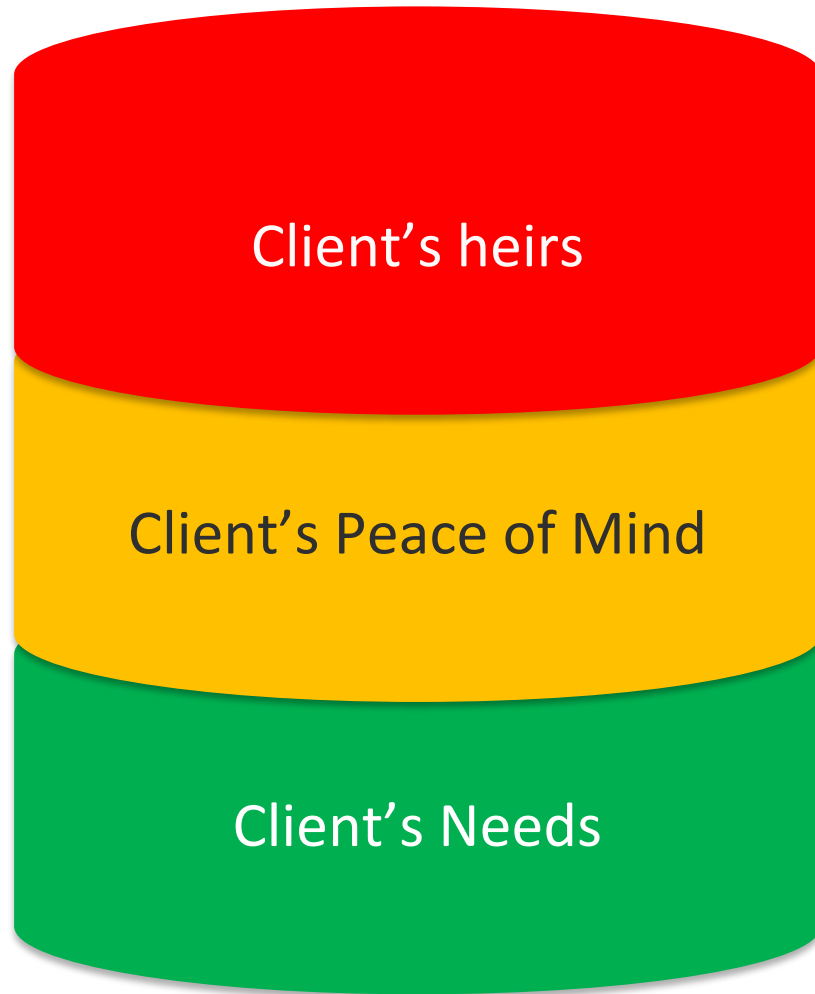
## PENSION SUMMARY

Relevant Earnings	£0
Contributions: Existing	£0
New	£3,600
Total	£3,600
Effective Rate of Tax Relief (on new contributions)	551.17%
Please navigate between workings and inputs using the tabs at the bottom of the sheet.	

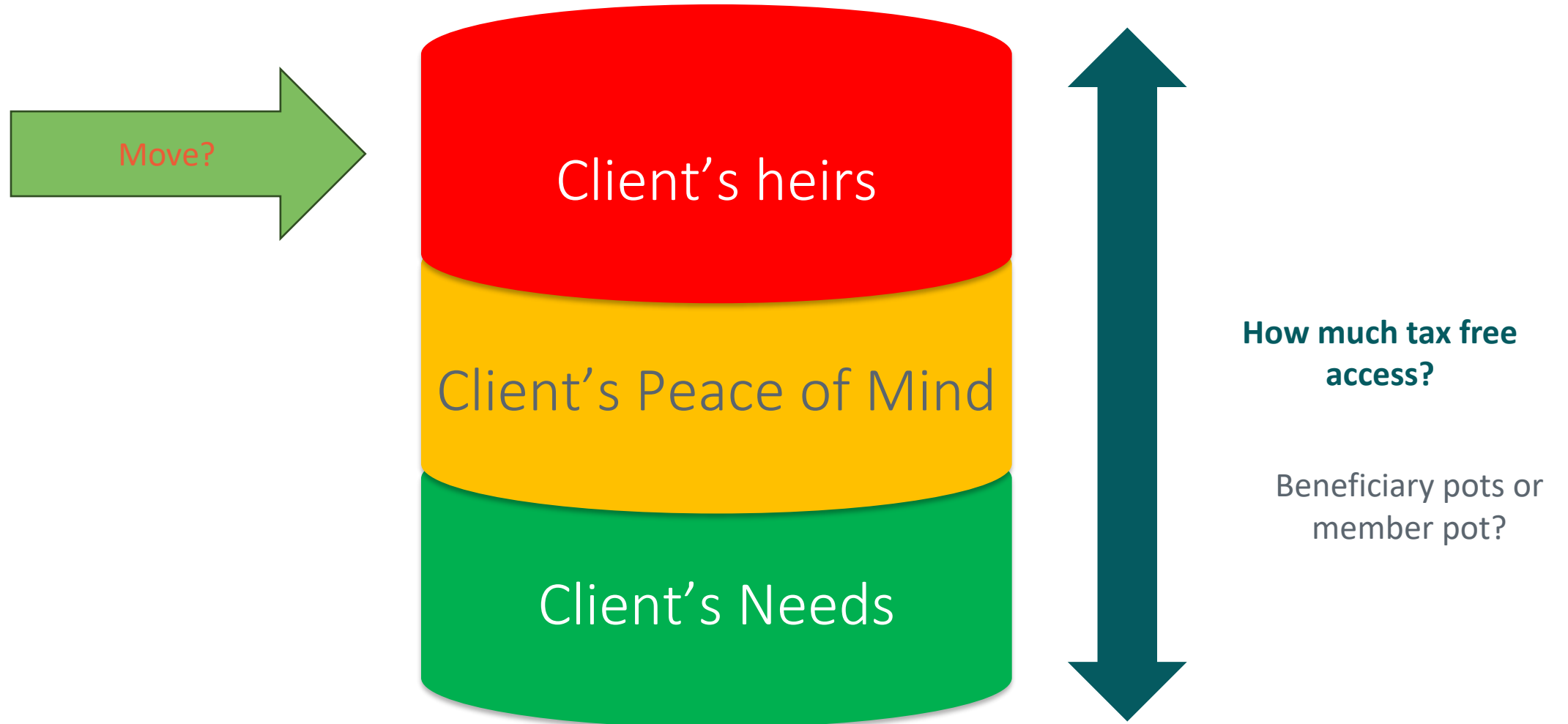
# PENSIONS AND INHERITANCE TAX PLANNING MATTERS



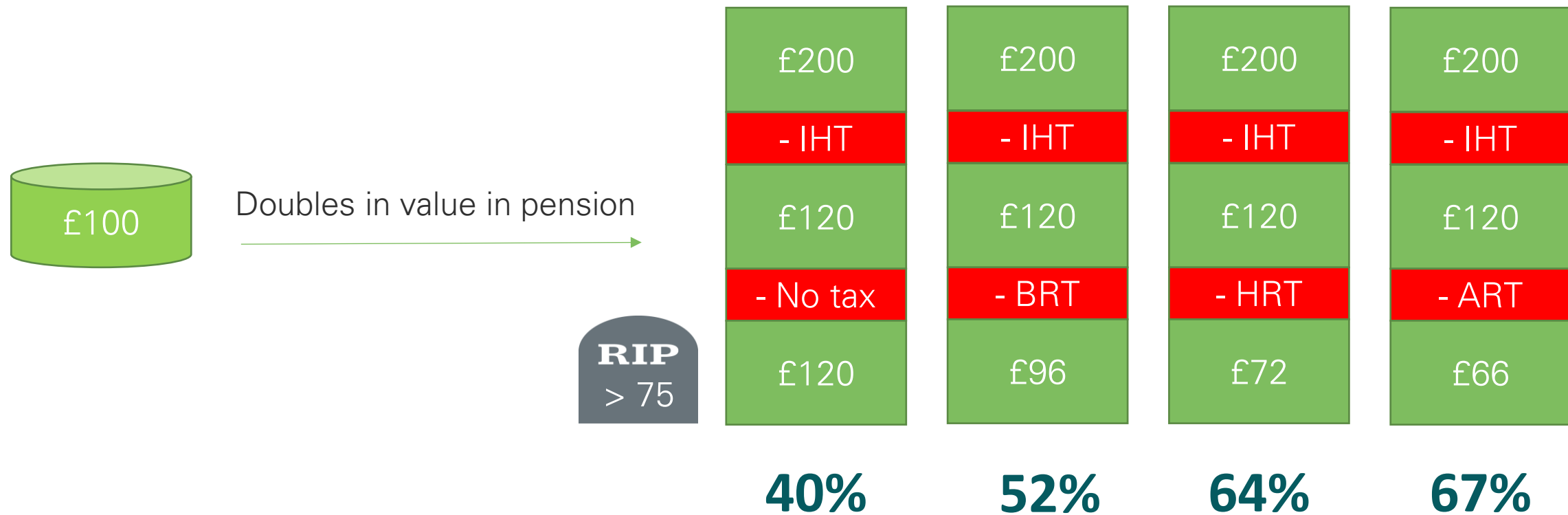
## Segmenting pensions



# Clients pension pot



# Follow £100

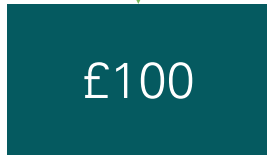


Can you get the pension pot to the next generation with less tax?

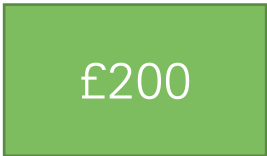
# Follow £100



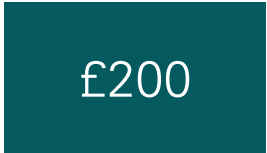
Withdrawn  
tax free



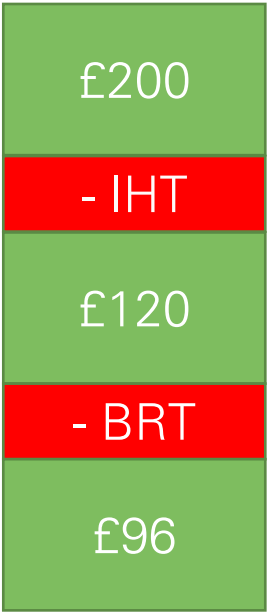
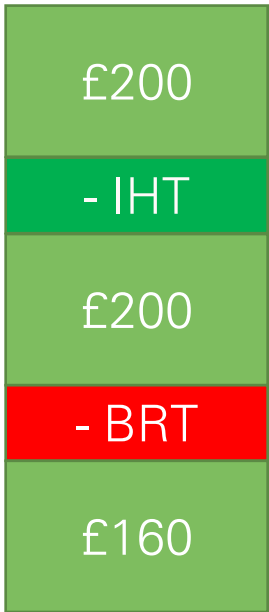
Doubles in value in pension



Doubles in value outside pension  
and outside estate

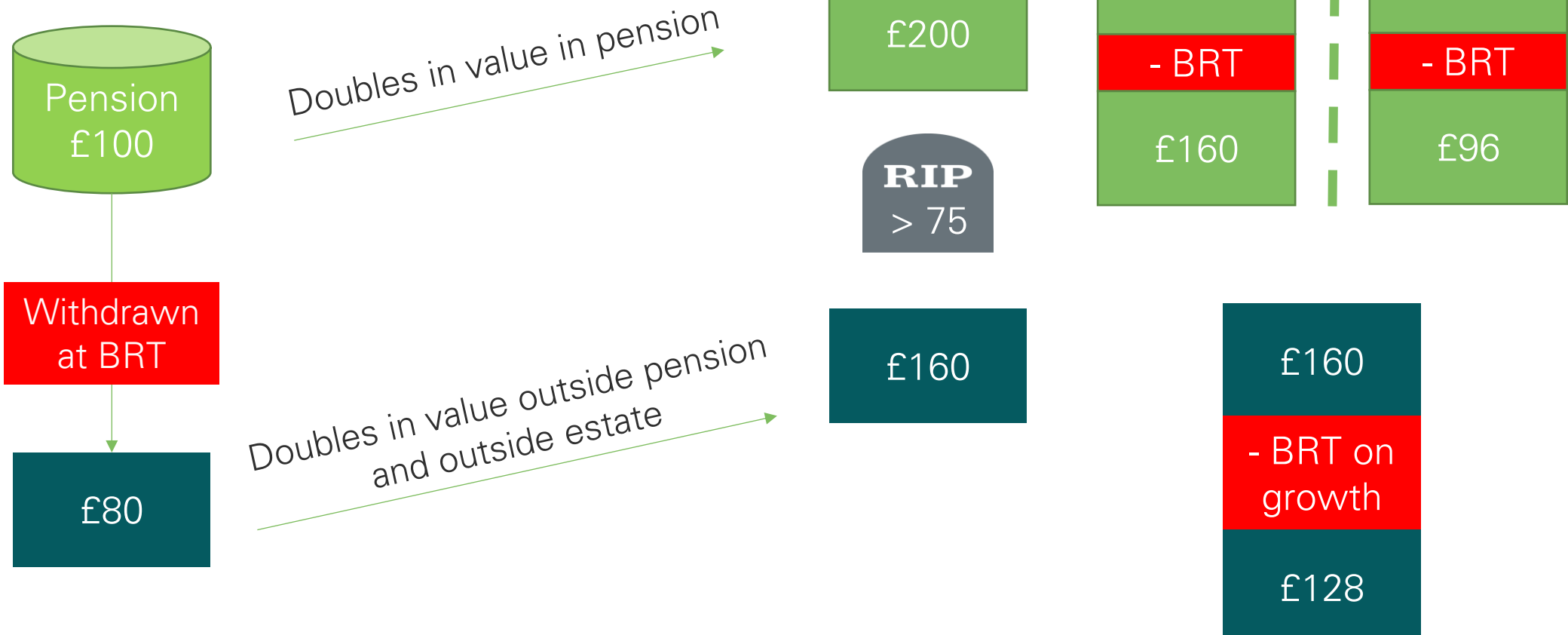


5 April 2027



If gift failed it would be 40% IHT on £100 = £40

# Follow £100



If gift failed it would be 40% IHT on £80 = £32

# LSA/LSDBA Modeller

## Inputs

Assumptions & Values				Position at Age			86			RESET ALL							
Net fund growth		6%		Net fund growth		6%		Fund Values		£0		Drawdown		Allowances Used Elsewhere			
Age at start		70		Age at start		70		Unvested		£952,632		Income		LSA		LSDBA	
Available Allowances				Available Allowances				Current Fund Values				Lump Sum Death Benefit value					
Age	LSA	LSDBA	Fund (Start of Year)	LSA	LSDBA	Unvested	Post April 2024 drawdown	Post 24	Total	LSDBA remaining	Excess	Unvested Pot target value	"Ballpark" Benefits to match target value (UFPLS)	Post April 24 pot target value	Income to match target value	Excess if target pots met	
70	£268,275	£1,073,100	£500,000	£268,275	£1,073,100	£500,000	£0	£0	£0	£143,275	£4,532	£0	£0	£0	£35,007	£0	
71	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
72	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
73	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
74	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
75	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
76	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
77	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
78	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
79	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
80	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
81	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
82	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
83	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
84	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
85	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
86	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
87	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
88	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
89	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
90	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
91	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
92	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
93	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
94	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
95	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
96	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
97	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
98	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
99	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
100	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
101	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
102	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
103	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	
104	£143,275	£948,100	£0	£143,275	£948,100	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	

# Pensions for the family

The  
parent

£250 per month gift (£3,000 per year)  
using annual IHT exemption

IHT relief –  $40\% \times £3,000 = £1,200$

The  
'child'

20% rate taxpayer

40% rate taxpayer

$£3,000 + \text{relief at source of } £750 = £3,750$

Increased income  
£0

Increased income  
£750

'Family'  
tax relief

65%

90%

1 gift =  
3 benefits

IHT planning, Income Tax Reduction, Retirement Savings

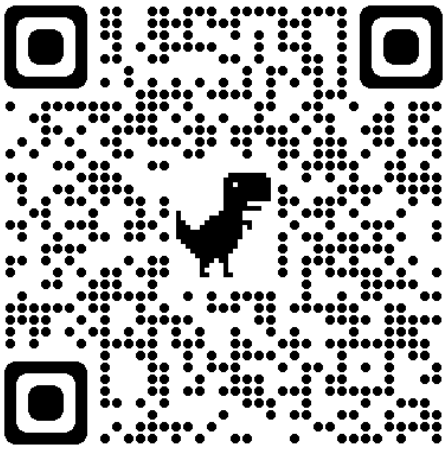
# Learning Objectives

By the end of this session, you will be able to

Explain the operation of  
pension tax relief


Describe the interaction of  
annual allowance with  
pension tax relief

Identify clients who could  
have improved outcomes  
through using pension  
contributions



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