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Check your

finances

are in shape.

Annual pension
allowance



**Your
pension**

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part of the Wealth at Work group

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

pension savings & tax relief.



defined contribution (DC) schemes.

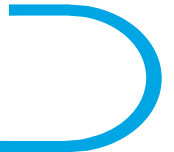
Employer and employees contribute (tax free*)



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%***

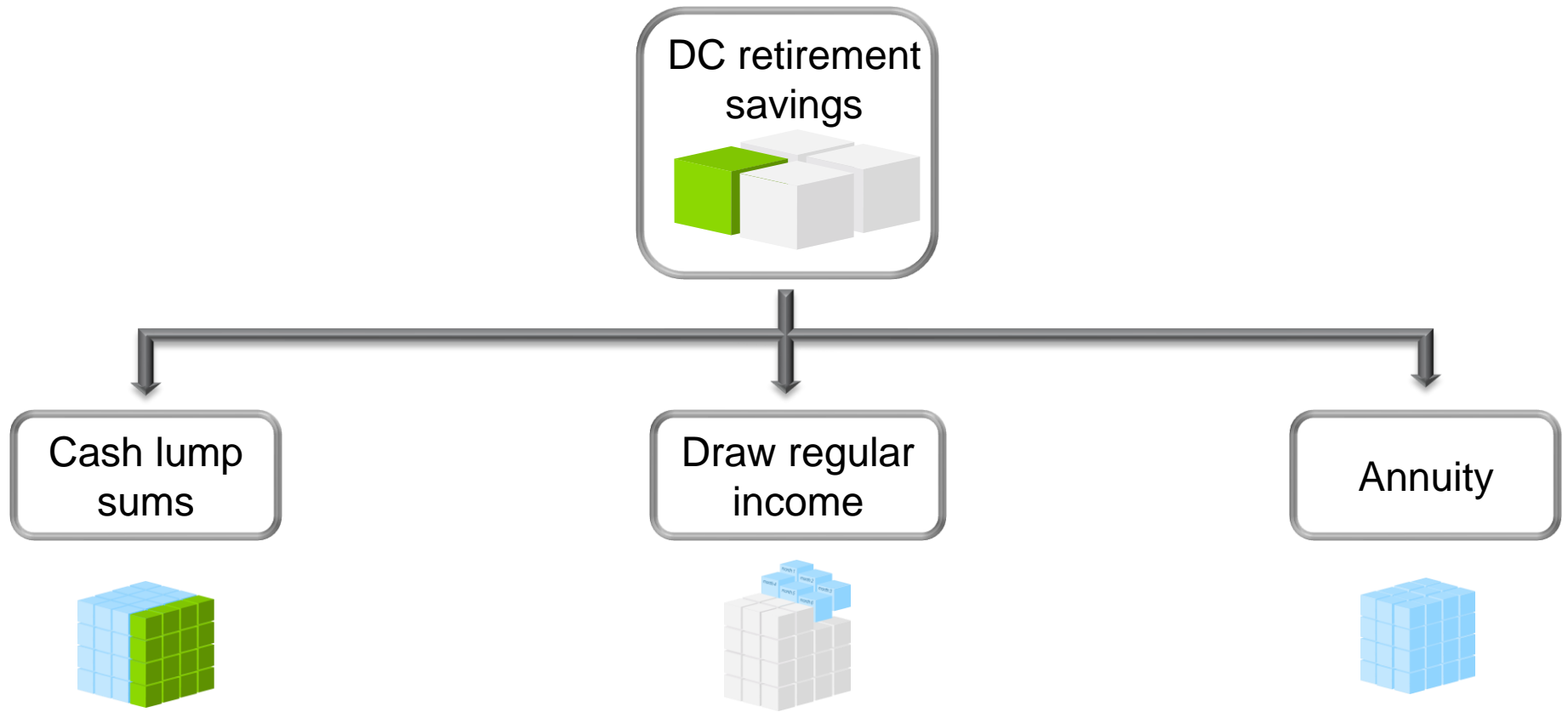
- Saving made up of:
- 40% income tax, &
 - 2% NI

**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

Haleon Pension Plan.

Pension Contribution Structure

Haleon's core contribution	Employee contribution	Your matching contribution	Haleon's matching contribution	Total
7%	2%	0%	0%	9%
7%	2%	1%	1%	11%
7%	2%	2%	2%	13%
7%	2%	3%	3%	15%



Contributions are paid via Salary Sacrifice

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 limits are important.



pension tax limits.

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

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



Any tax charge is a personal tax liability

You are required to inform HMRC if you exceed these limits

the retirement tax-free cash limit.

LTA

Before 6 April 2023, the maximum total tax-free cash you could receive was linked to the lifetime allowance (LTA)



From 6 April 2023, the lifetime allowance will no longer apply

MAX

The maximum tax-free cash is limited to 25% of the pension value, subject to a total cap of £268,275



The cap of £268,275 will be frozen



Those individuals who already have a protected right to take higher tax-free cash will continue to be able to do so*

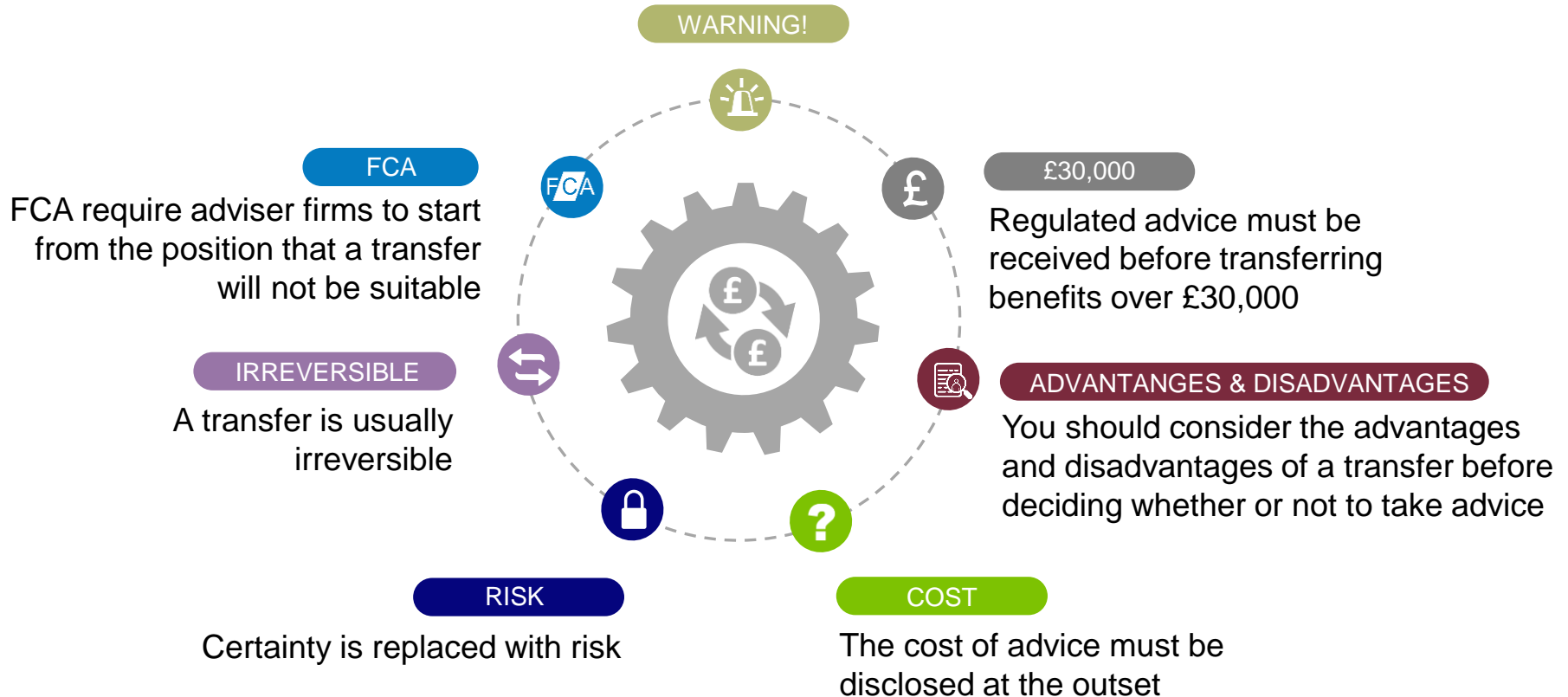
* Your tax-free cash can be higher if your pension has scheme specific tax-free cash protection or you hold valid HMRC lifetime allowance protection

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transferring from DB to DC.

WARNING - transferring out of a defined benefit (DB) scheme could damage your wealth!



the annual allowance.

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

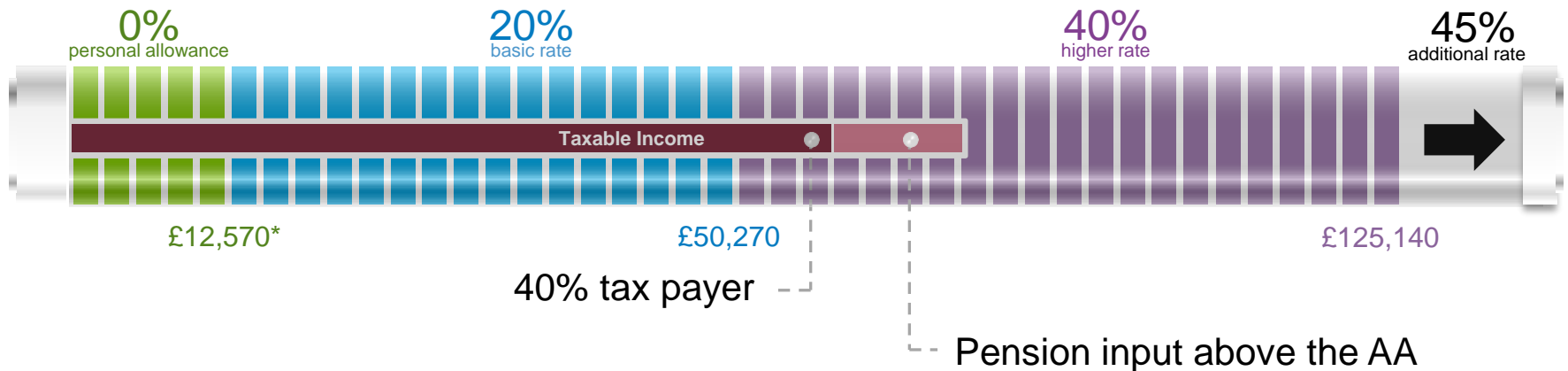


DB schemes – a formula is used and this figure is usually provided by the scheme administrator

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

variations to the annual allowance.

carry forward.

Must normally earn more than £60,000 a year



You must have been a member of a UK registered pension



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



You are limited by your earnings

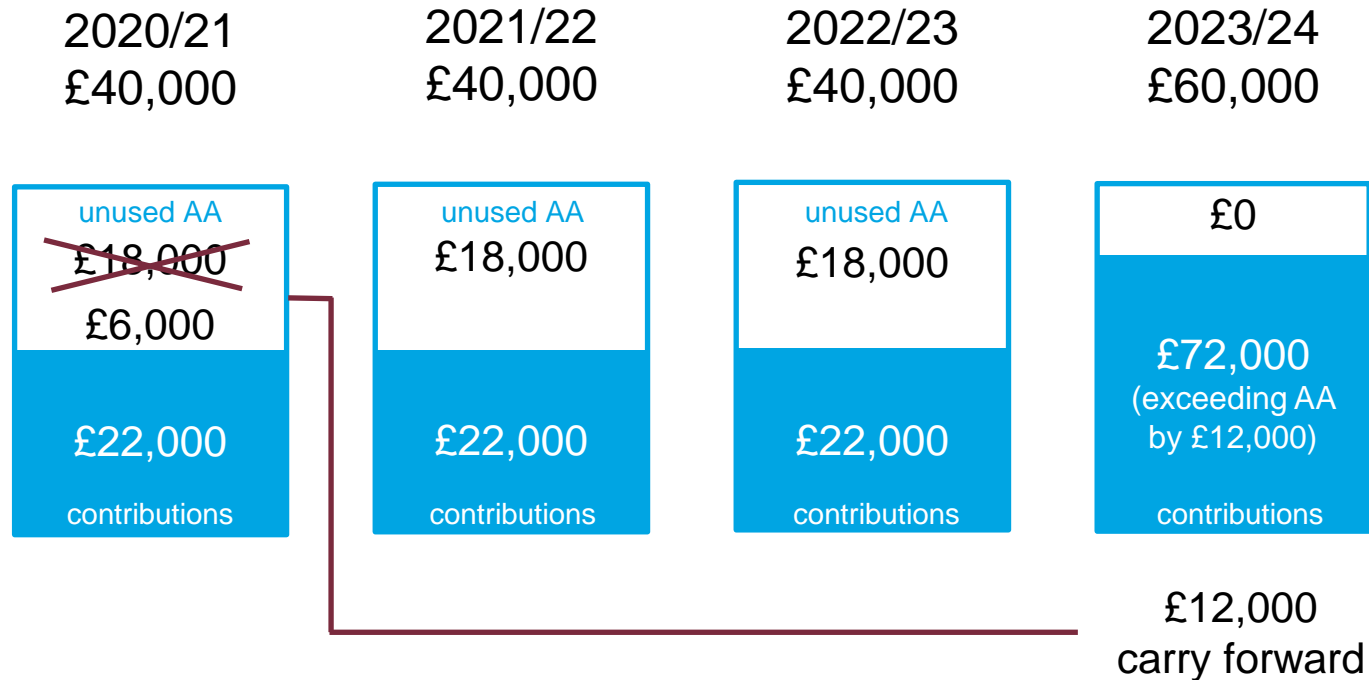


Then any unused AA from the earliest year



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

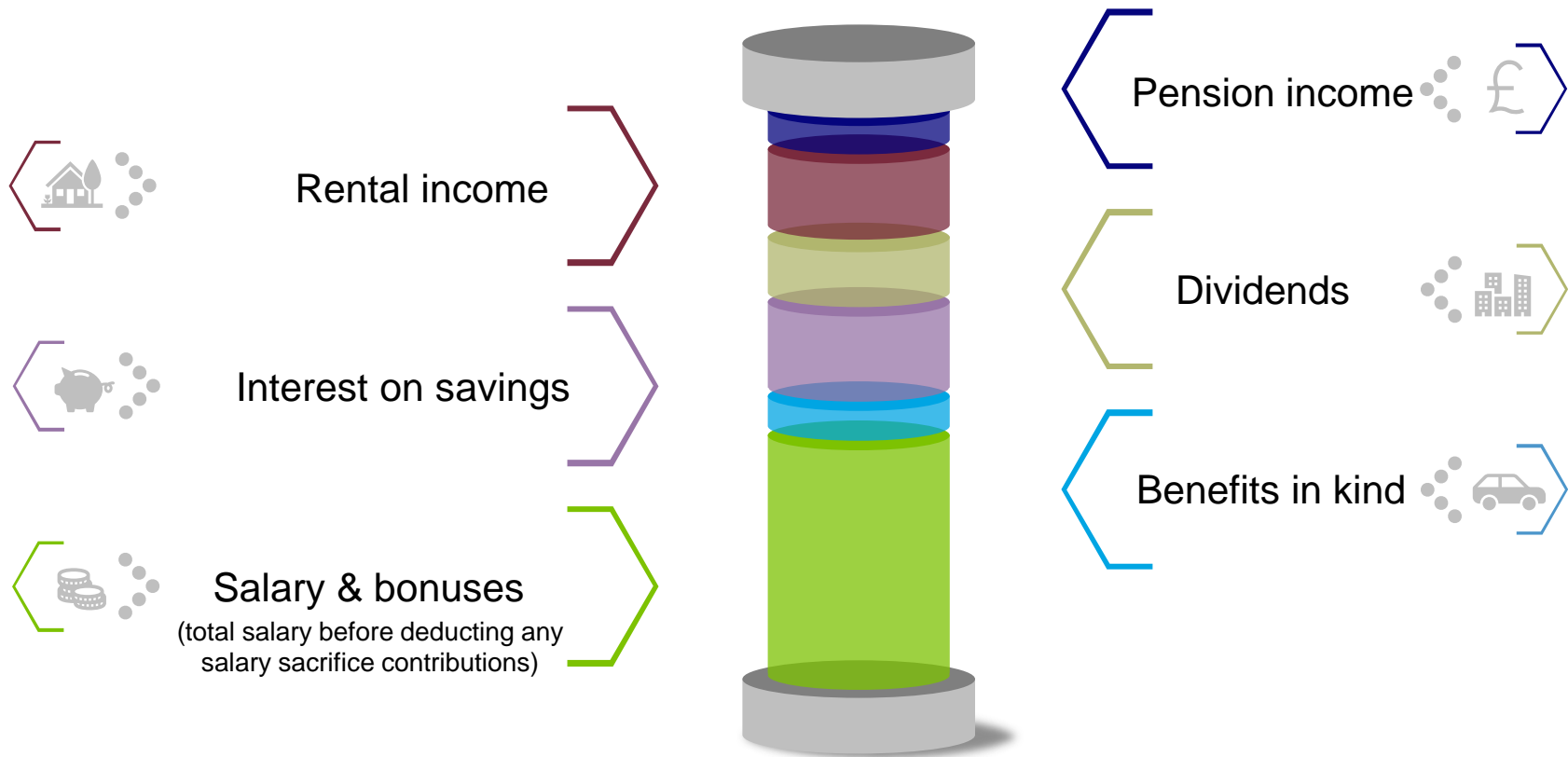


Carry forward may be available from the 3 previous tax years

the tapered annual allowance.

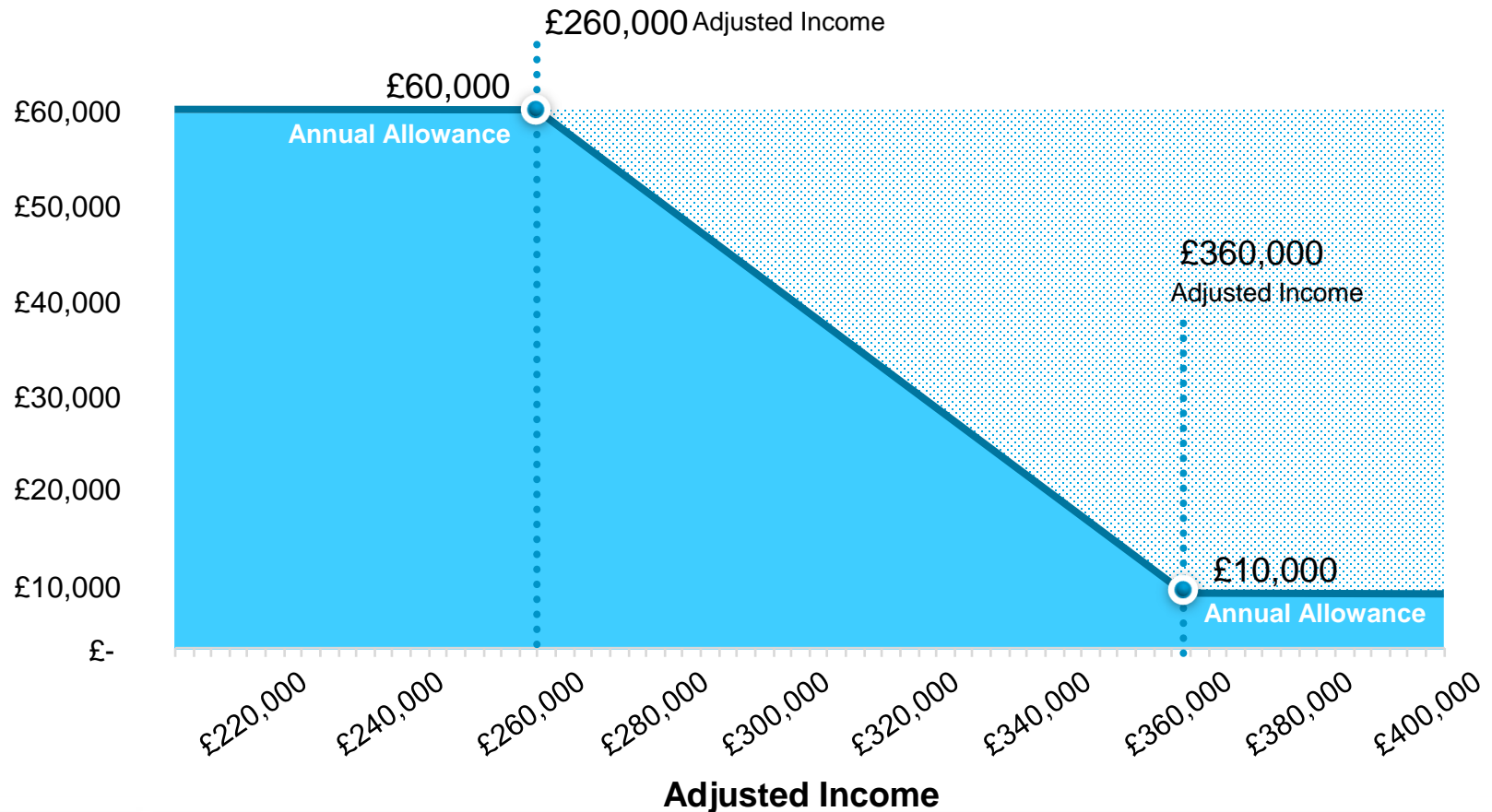
Step 1 – calculating your 'Threshold Income'

Begin by calculating your total taxable income...



applying the taper.

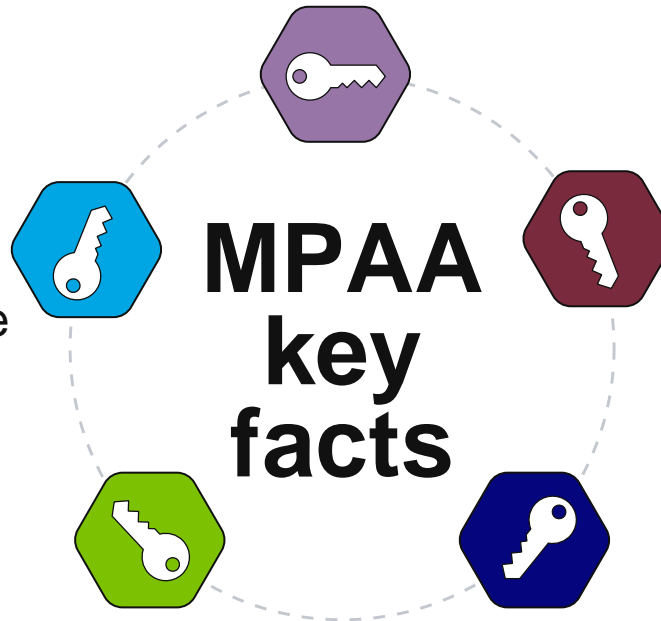
For every £2 that an individual's adjusted income exceeds £260,000, the annual allowance is reduced by £1 up to a maximum reduction of £50,000.



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

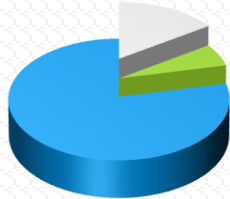
Carry forward is not available
when the MPAA applies

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

the MPAA trigger events.

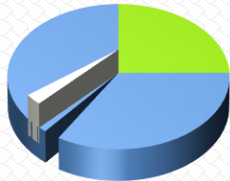
When it will apply

Receiving a lump sum of taxable & tax-free money



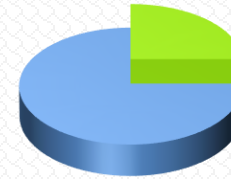
Known as an UFPLS or uncrystallised funds pension lump sum

Drawing any amount of taxable money from drawdown

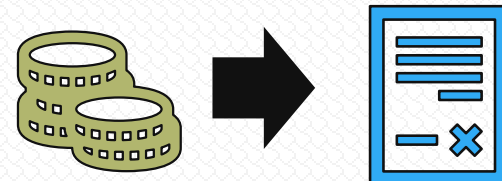


When it won't apply

Receiving only tax-free cash from drawdown



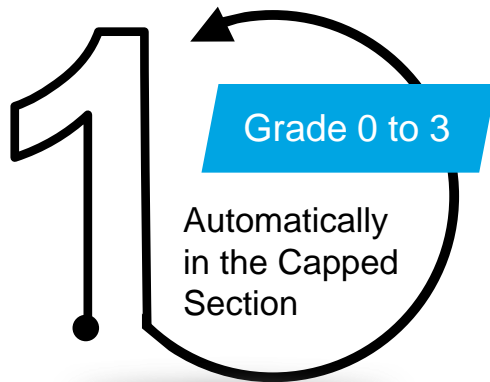
Buying a lifetime annuity



taking action.

the capped section.

A 'Capped Section' of the LifeSight Pension Plan is available to those impacted by the AA taper.



Grades 0 – 3 are automatically in the Capped Section



Other grades can join the Capped Section

.....
Evidence of being subject to the AA taper is required



The option to opt out completely and receive a cash allowance has been removed

how the capped section works.

The Capped Section limits the default contribution to your pension to £10,000.pa



A capped salary of £40,000 is applied



The member makes compulsory pension contributions of 5% (£2,000pa)

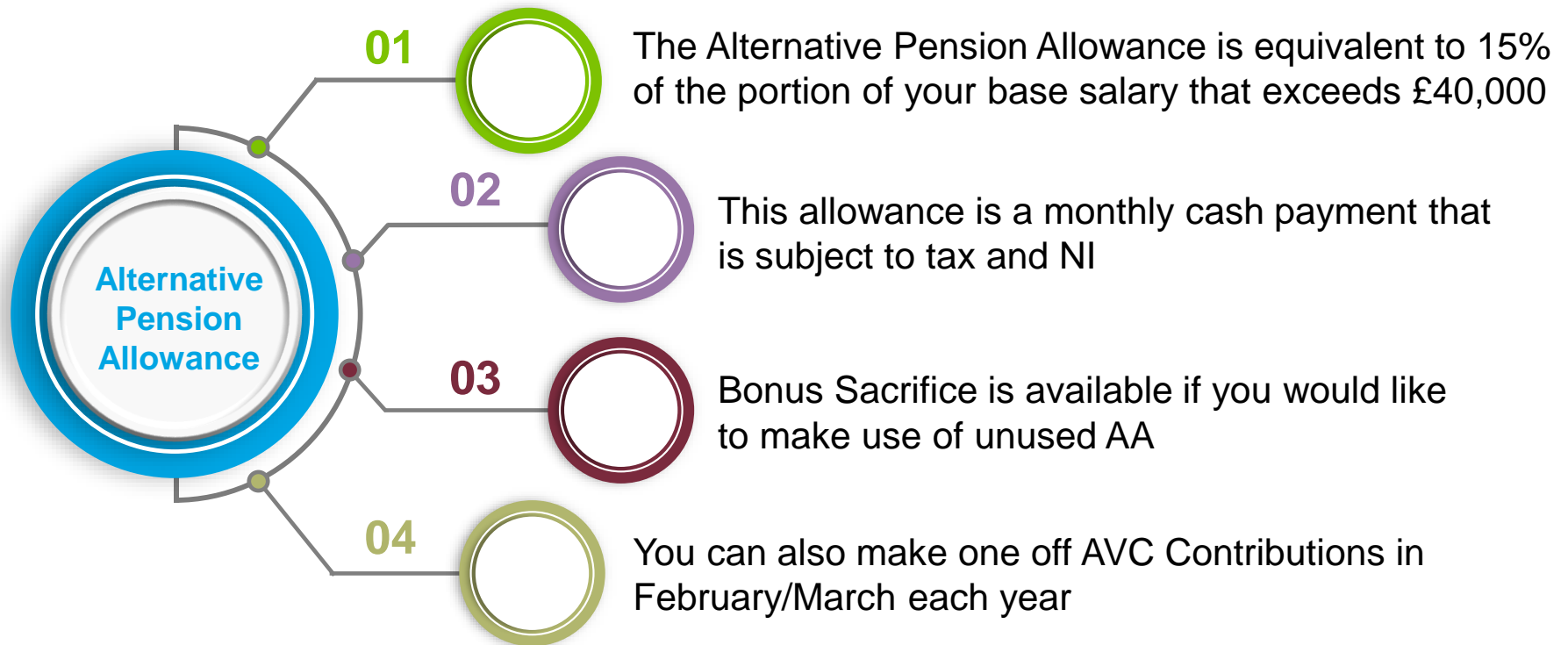


- Haleon pays 5% (£2,000pa) matching contribution
- And 15% (£6,000pa) core contribution

The total contribution to your pension plan is 25% of the £40,000 capped salary (£2,000 member contribution PLUS £2,000 matching and £6,000 core)

how the capped section works.

£10,000 is paid into your pension each year and you will also receive an 'Alternative Pension Allowance'.



paying the AA tax charge.

Additional Information pages

Pension Savings Tax Charges

7 Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum
£ .00

8 Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum
£ .00

9 Lifetime Allowance tax paid by your pension scheme
£ .00

10 Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance
£ .00

11 Annual Allowance tax paid or payable by your pension scheme
£ .00

11.1 Value of pension benefits transferred subject to the overseas transfer charge
£ .00

11.2 Tax paid by your pension scheme on your overseas transfer charge
£ .00

12 Pension scheme tax reference number
PSTR

13 Amount of unauthorised payment from a pension scheme, not subject to surcharge
£ .00

14 Amount of unauthorised payment from a pension scheme, subject to surcharge
£ .00

15 Foreign tax paid on an unauthorised payment (in £ sterling)
£ .00

16 Taxable short service refund of contributions (overseas pension schemes only)
£ .00

Box 17 is not in use

18 Foreign tax paid (in £ sterling) on box 16
£ .00

Tax avoidance schemes

19 The scheme reference number or promoter reference number
-

20 The tax year in which the expected advantage arises, for example, 2017-18 YYYY YY
- -

Disguised remuneration
Only complete this section if you've used a disguised remuneration avoidance scheme. Read the notes before completing this section.

Non-PAYE employment income

21 Amount of non-PAYE disguised remuneration employment income
£ .00

Self-employed and partnership income where trading has ceased

22 Amount of disguised remuneration taxable as income in 2018-19
£ .00

23 Amount of disguised remuneration to be treated as income of an earlier year
£ .00

24 Tax year income in box 23 is to be taxed, for example 2017-18 YYYY YY
- -

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7 Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum
£ .00

8 Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum
£ .00

9 Lifetime Allowance tax paid by your pension scheme
£ .00

10 Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance
£ .00

11 Annual Allowance tax paid or payable by your pension scheme
£ .00

11.1 Value of pension benefits transferred subject to the overseas transfer charge
£ .00

11.2 Tax paid by your pension scheme on your overseas transfer charge
£ .00

12 Pension scheme tax reference number
PSTR

13 Amount of unauthorised payment from a pension scheme, not subject to surcharge
£ .00

14 Amount of unauthorised payment from a pension scheme, subject to surcharge
£ .00


15 Foreign tax paid on an unauthorised payment (in £ sterling)
£ .00

16 Taxable short service refund of contributions (overseas pension schemes only)
£ .00


Box 17 is not in use

18 Foreign tax paid (in £ sterling) on box 16
£ .00

taking action.




Work out whether the tapered annual allowance will apply to you




Check whether you expect to exceed your annual allowance



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



Consider other savings vehicles (e.g. ISAs)



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

next steps.



further information.



HM Revenue
& Customs

Further information on the
annual allowance:

www.gov.uk/tax-on-your-private-pension/annual-allowance

The logo for Money Helper, with the word "Money" in blue and "Helper" in blue with a pink arrow pointing to the right.

For information and guidance on
financial matters:

www.moneyhelper.org.uk



HM Revenue
& Customs

Further information on the
lifetime allowance:

www.gov.uk/tax-on-your-private-pension/lifetime-allowance



To obtain a State Pension
statement:

www.gov.uk/state-pension-statement

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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 a member of the Wealth at Work group of companies.

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.

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the tapered annual allowance.

Calculate your
'Threshold
Income'

If it's more than
£200,000 proceed
to step 2

1

If it's £200,000 or
less your AA is likely
to be £60,000

Calculate your
'Adjusted
Income'

If it's more than
£260,000 proceed
to step 3

2

If it's £260,000 or
less your AA is likely
to be £60,000

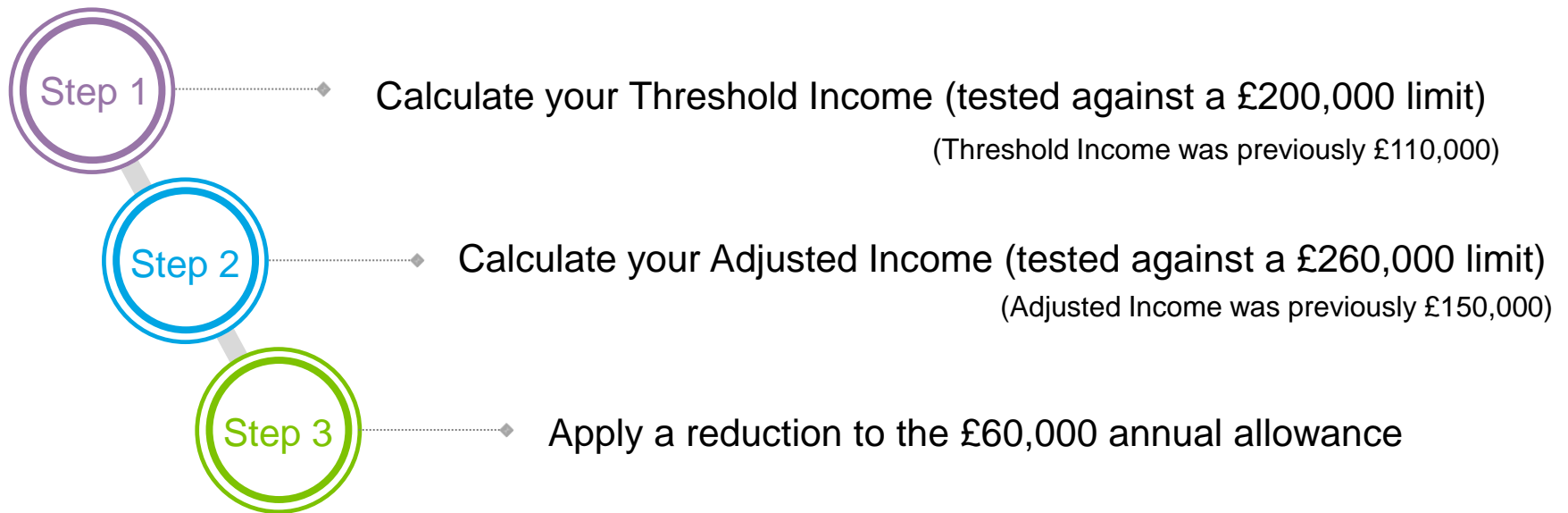
Calculate your
'Tapered
Annual
Allowance'

3

the tapered annual allowance.

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

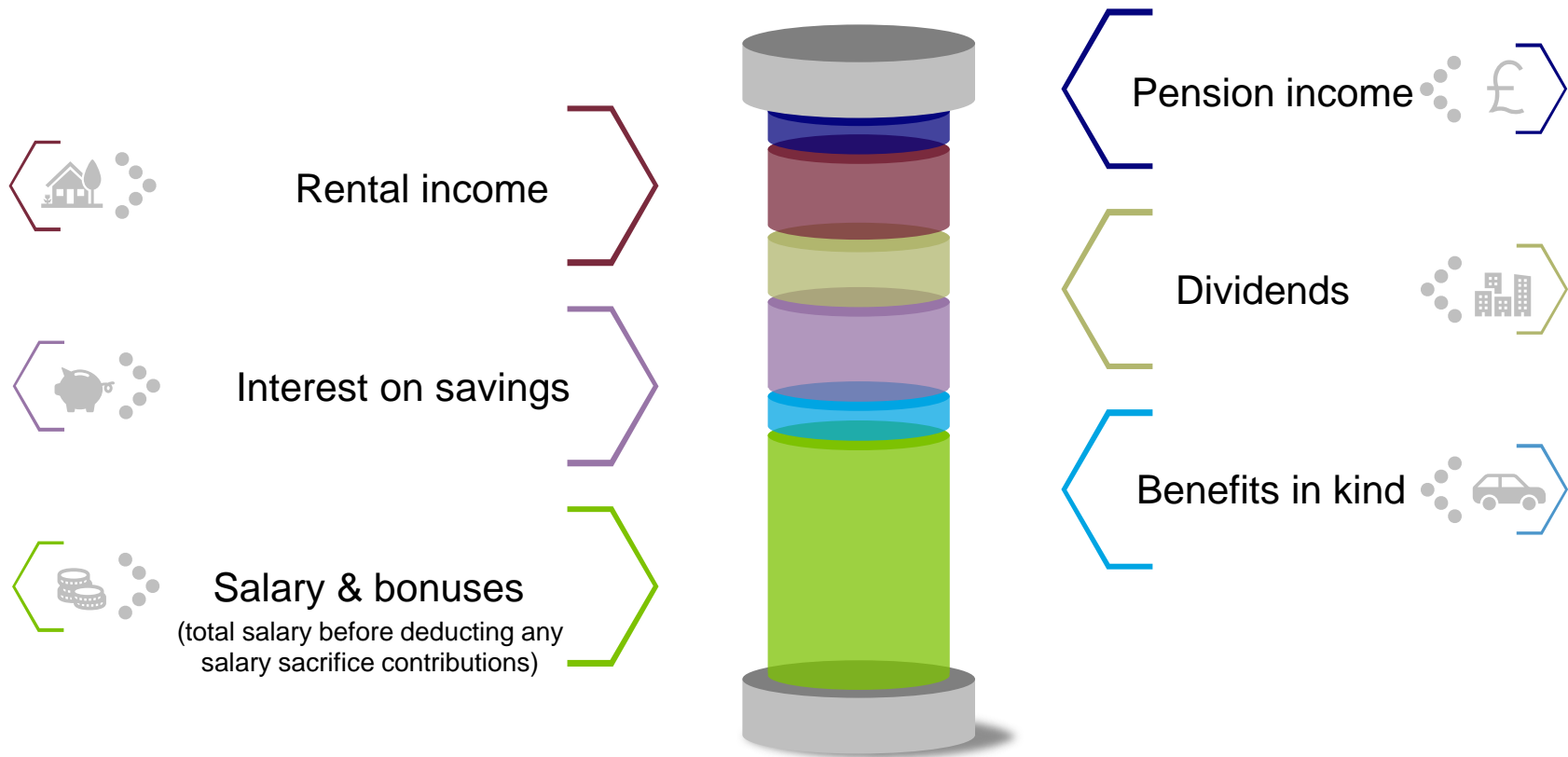
Calculating the tapered annual allowance is a 3-step process:



the tapered annual allowance.

Step 1 – calculating your 'Threshold Income'

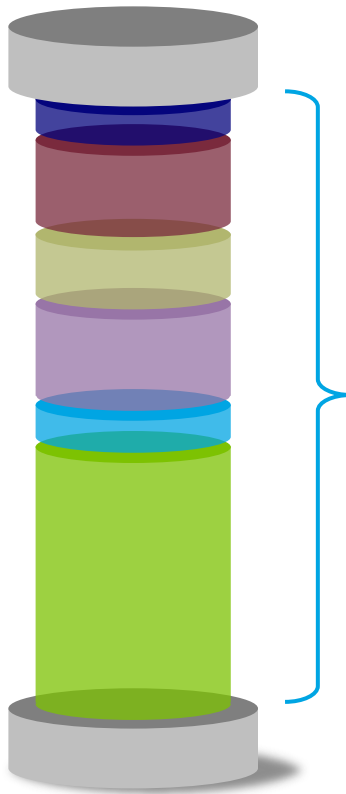
Begin by calculating your total taxable income...



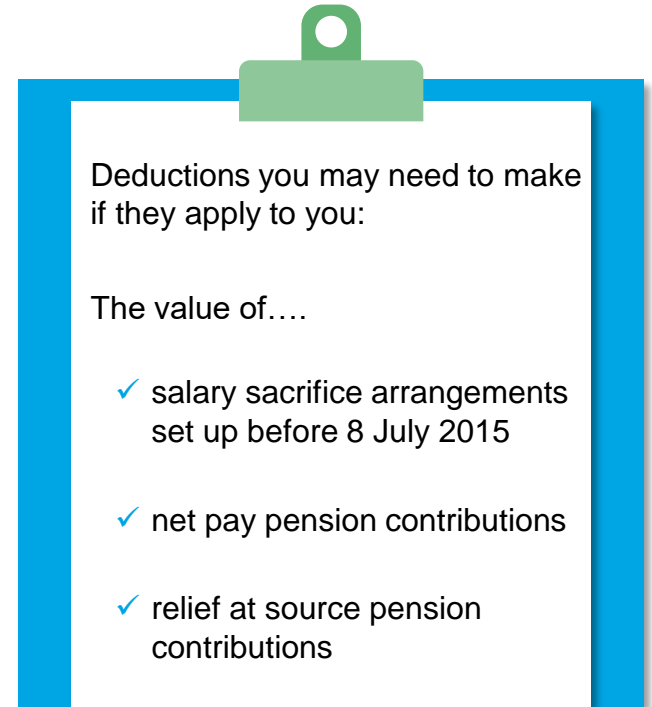
the tapered annual allowance.

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...



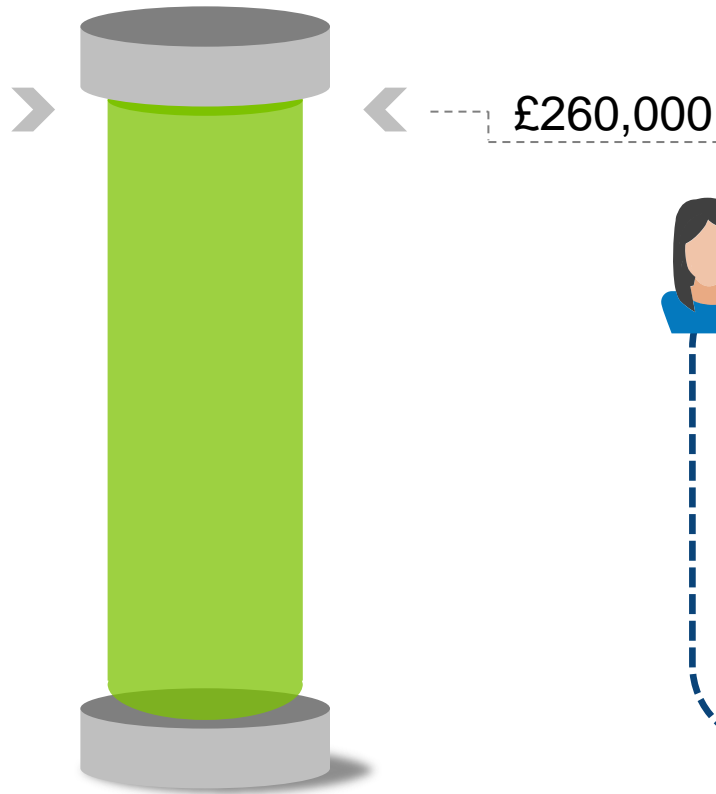
Pre 8 July 2015 salary sacrifice members ...

- Salary = £250,000
- Of which £12,500 (5% of £250k) is sacrificed into the Haleon Pension Plan
- No other income or deductions
- Threshold Income = £250,000 - £12,500
- As this exceeds £200,000 we move to

Step 2 

the tapered annual allowance.

Step 2 – calculating your 'Adjusted Income'

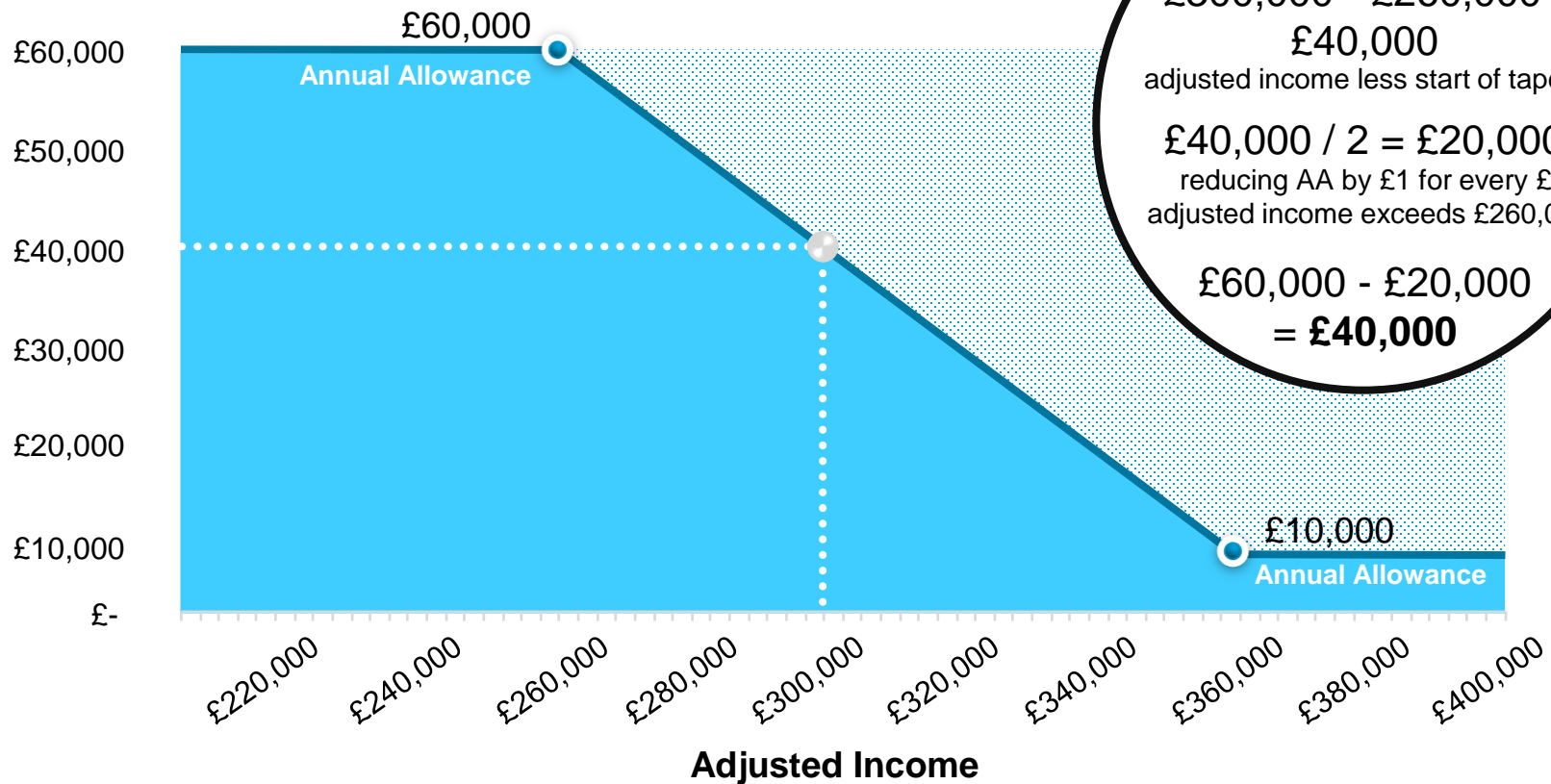


Example Continued...

- Add Haleon matching and core pension contributions
- 20% of £250,000 = £50,000
- £250,000 + £50,000 = £300,000

applying the taper.

Step 3 – calculating your 'Annual Allowance'



thank you.

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