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understanding tax
implications.

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.

- Tax on your income
- Tax codes
- Tax issues affecting higher earners
- Managing your tax position
- Haleon share plans
- Making use of tax allowances
- Next steps

tax on your income.

rates of income tax 2024/25.

Personal Allowance

on the first
£12,570*



>£12,570*

Basic Rate Tax

on the next
£37,700



>£50,270

Higher Rate Tax

on the next
£74,870



>£125,140

Additional Rate Tax

on earnings above
£125,140



*The Personal Allowance reduces by £1 for every £2 of income above £100,000.

National Insurance 2024/25.

Lower Earnings Limit (LEL)

Primary Threshold (PT)

Upper Earnings Limit (UEL)

National Insurance Rate: 0%

Qualifying Year : ✗

£0 - £6,396

National Insurance Rate: 0%

Qualifying Year : ✓

£6,396 - £12,570

National Insurance Rate: 8%

Qualifying Year : ✓

£12,570 - £50,270

National Insurance Rate: 2%

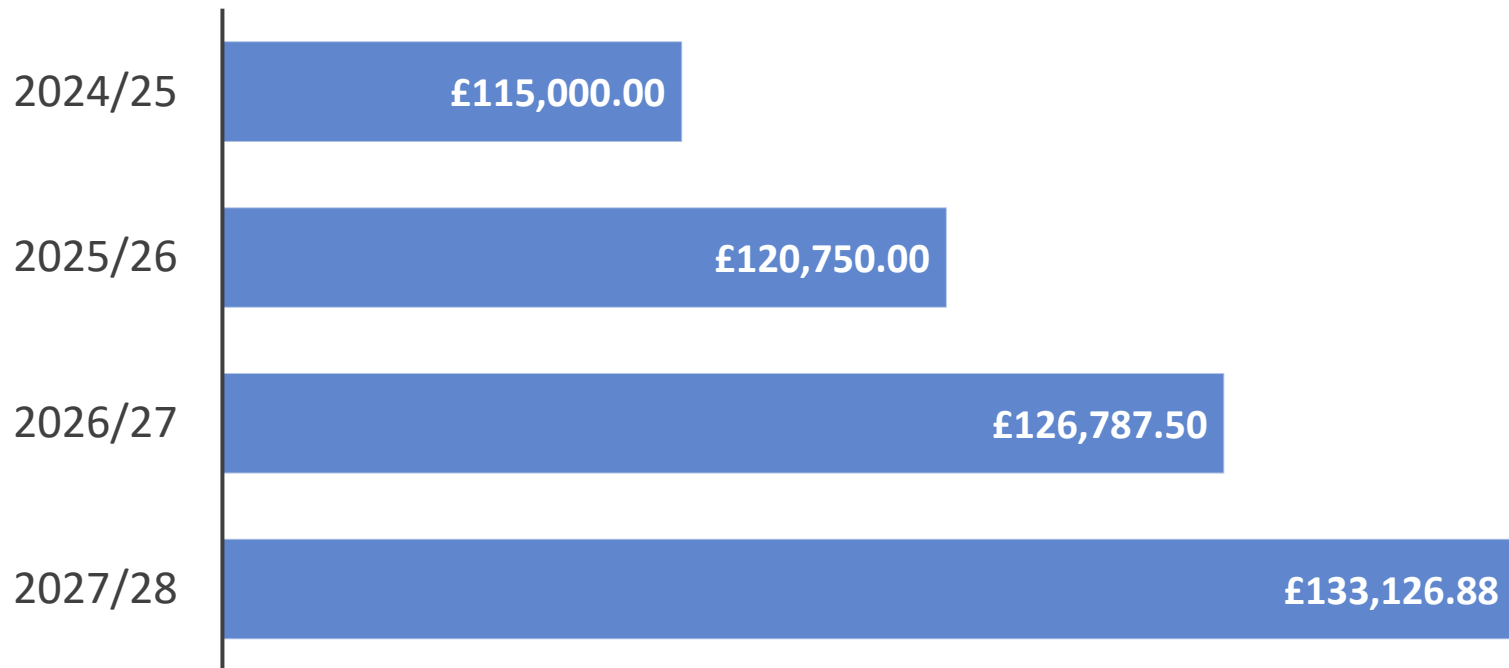
Qualifying Year : ✓

£50,270+

salary inflation.

The personal allowance and higher rate tax band are frozen until April 2028.

Example: a £115,000pa salary increasing by 5% each year



The frozen tax bands are likely to increase your tax costs, and may mean you pay tax at a higher rate

tax codes.

tax codes.

HM Revenue & Customs	PAYE Coding Notice Tax code for the year 2024-25
Personal Allowance	£12,570
Tax Code	1257L

- A tax code is used to determine your Personal Allowance
- It is used by employers to calculate how much tax to deduct from your pay
- The standard tax code for 2024-25 tax year is 1257L
- In most cases, the Personal Allowance can be calculated from your tax code by multiplying the digits by 10
- Those with a 'K' code will not be able to calculate their tax code using this method

common tax codes.

**Standard
1257L**

The standard tax code for most employees in the current tax year

**Emergency
Ending in:
W1, M1 or X**

You may have started a new job or be in receipt of company benefits

**Other
Starting:
K**

You could be receiving benefits you need to pay tax on

how to fix an error.

If you believe your tax code is incorrect you should contact HMRC.



HMRC: Income tax: general enquiries



Webchat



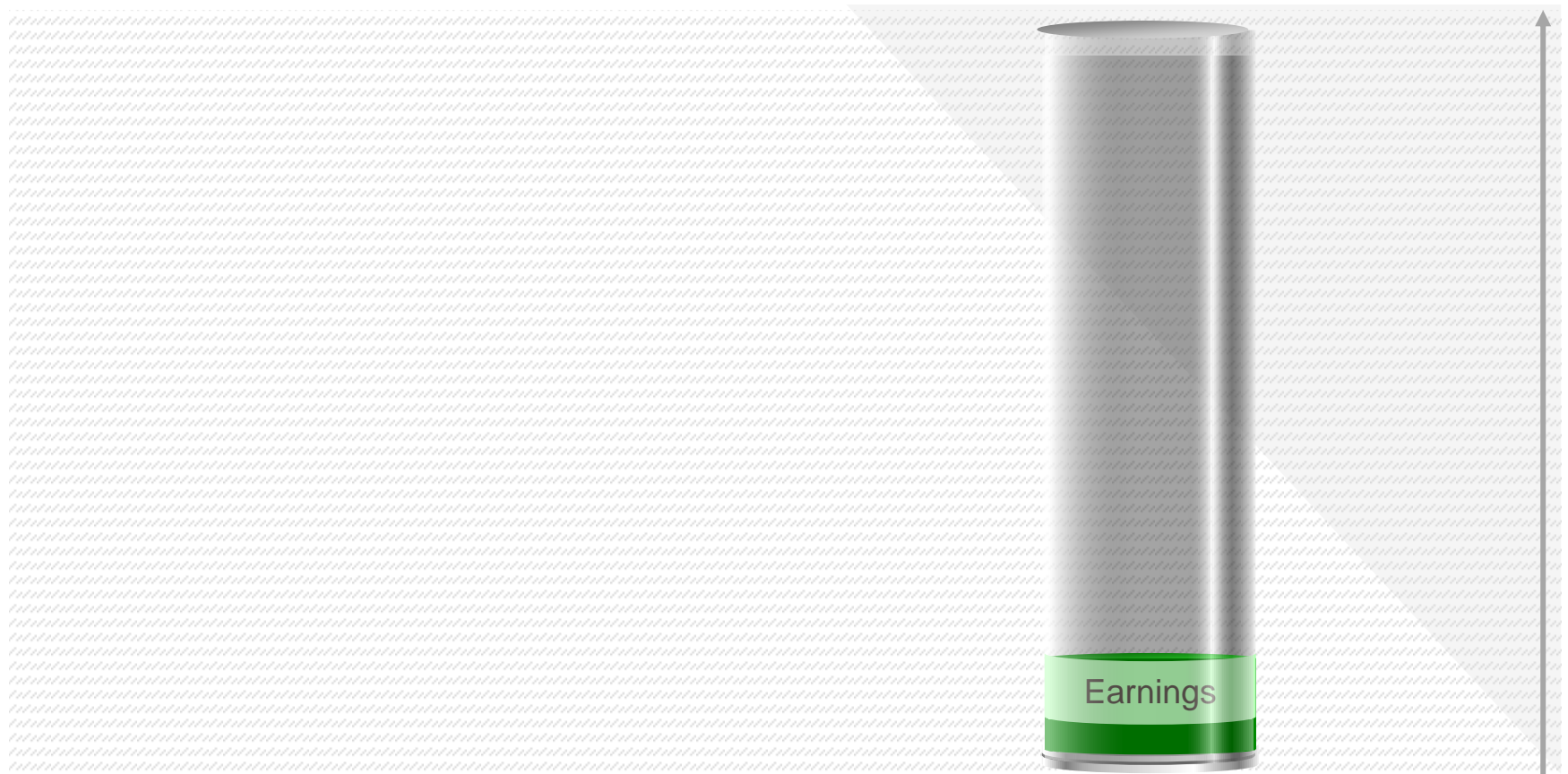
@HMRCcustomers (general enquiries only)



0300 200 3300

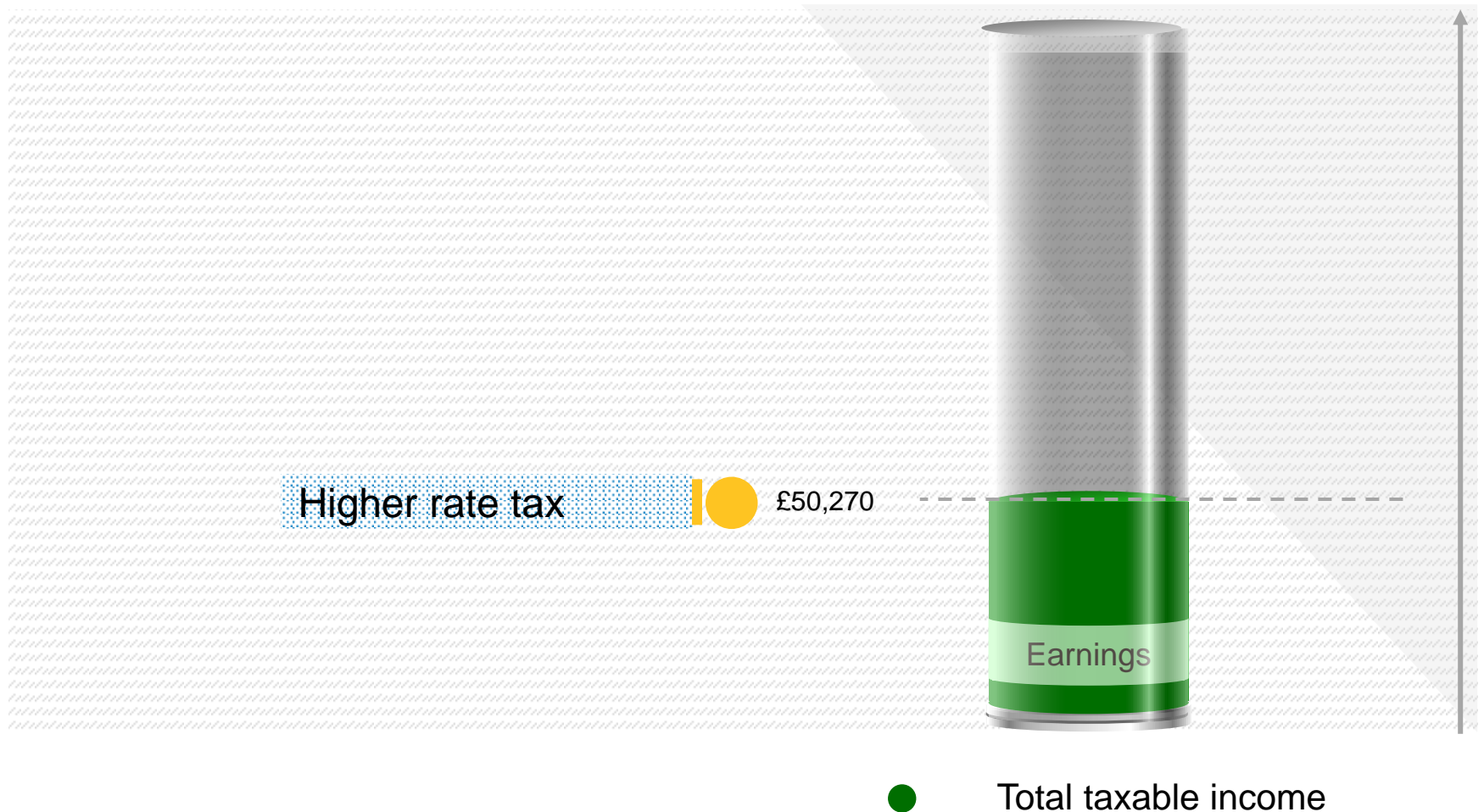
tax issues affecting higher
earners.

issues affecting higher earners.

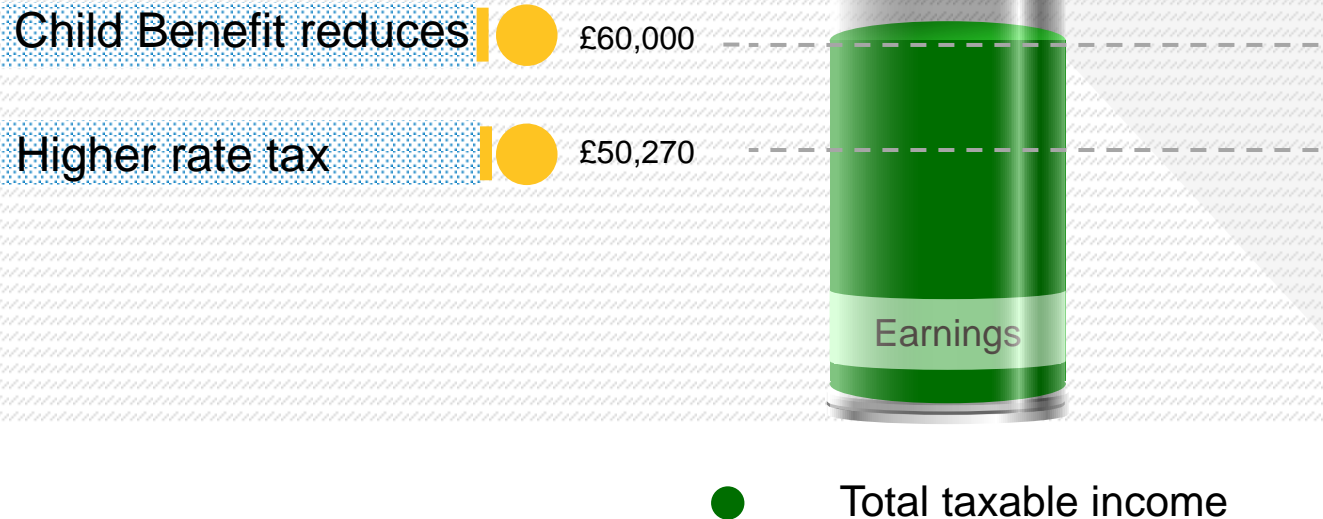


● Total taxable income

issues affecting higher earners.



issues affecting high earners.



issues affecting higher earners.

Personal Allowance reduces



£100,000

Child Benefit reduces



£60,000

Higher rate tax



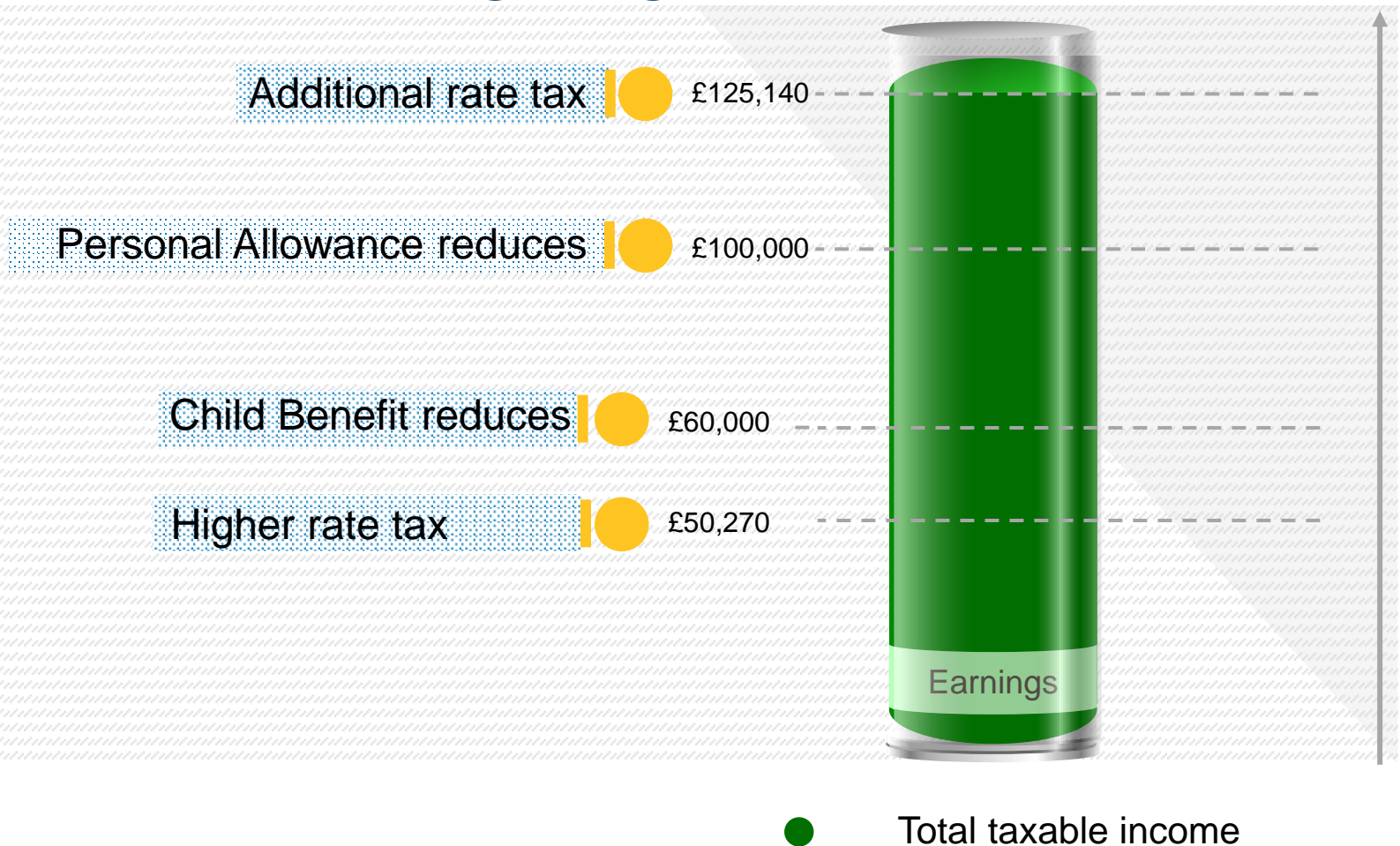
£50,270

Earnings

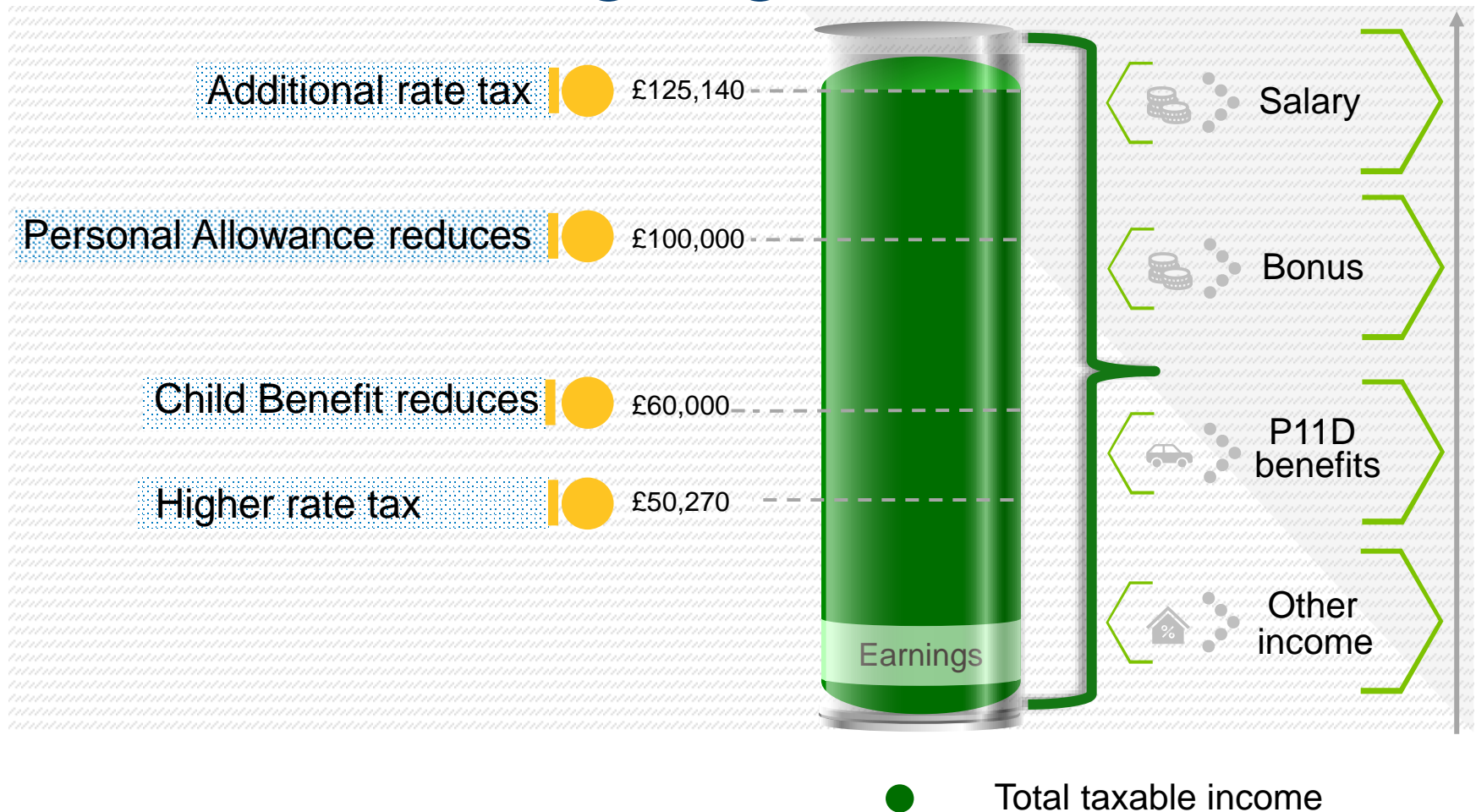


Total taxable income

issues affecting higher earners.



issues affecting higher earners.



tax-free childcare.

Benefits

Receive a £2 “top up” for every £8 you pay into your childcare account until your child is 12*

Limits

Top up capped at £500 per quarter
or £2,000 per year

Eligibility

You and your partner must be earning at least minimum wage

You or your partner cannot be in receipt of certain benefits

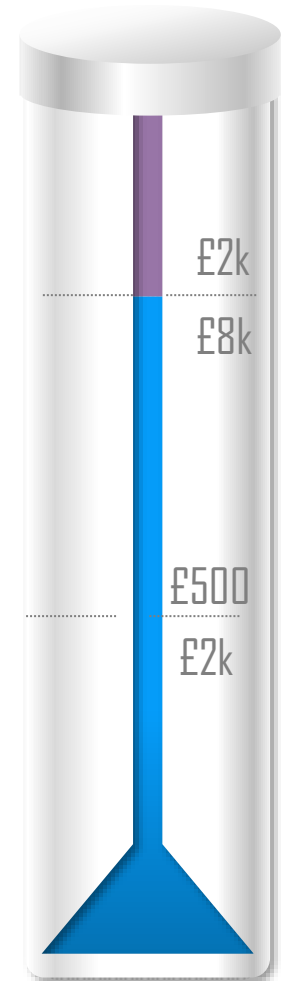
You or your partner cannot earn over £100,000

Further information



gov.uk/tax-free-childcare

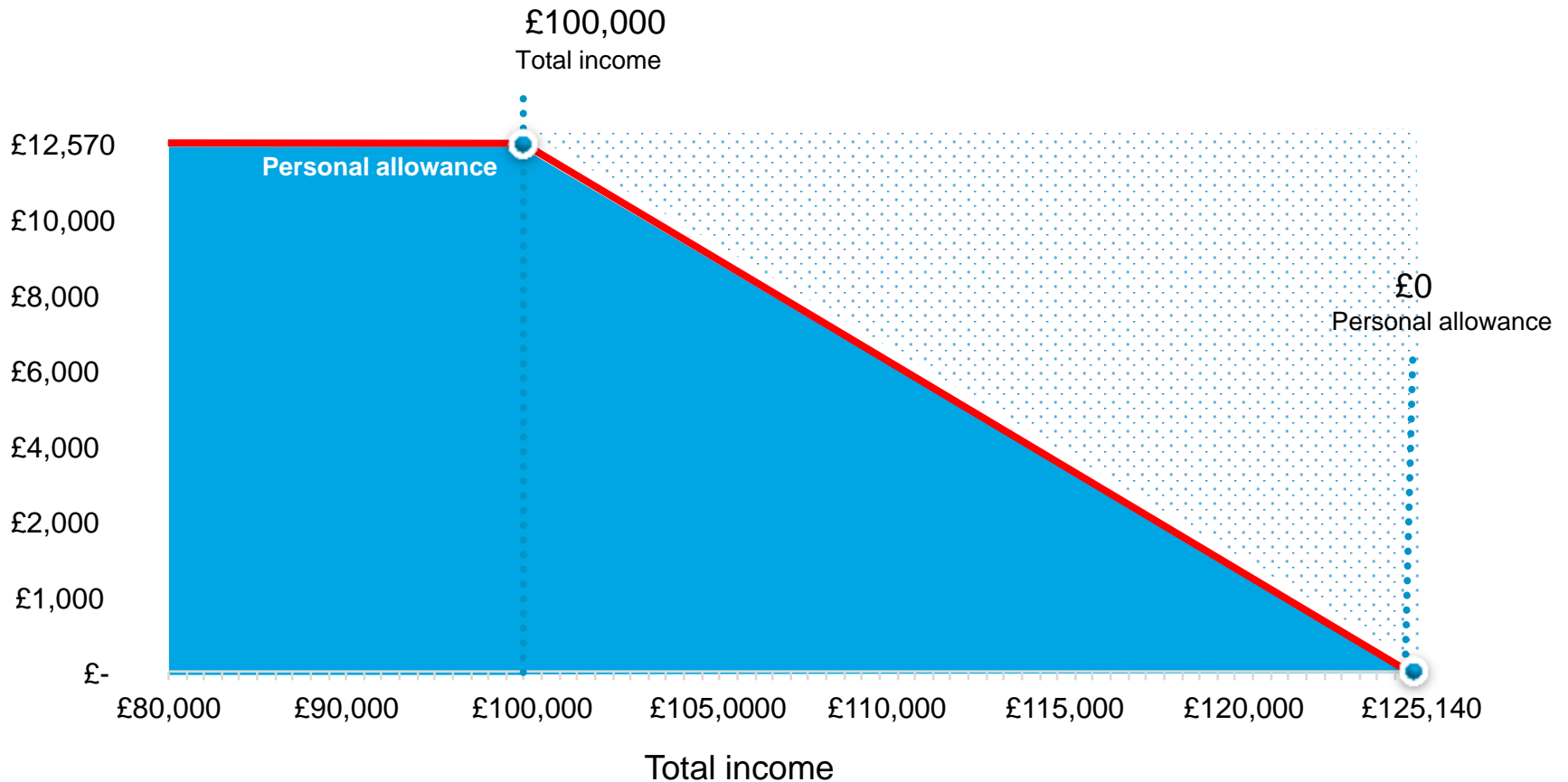
- Government top up
- Personal contribution



*If you're working, you may be able to get up to £4,000 a year to help pay for childcare for a disabled child until age 17.

reduction of the personal allowance.

For every £2 that an individual's total income exceeds £100,000, the personal allowance is reduced by £1.



managing your tax
position.

reducing your income tax.

By paying more into your workplace saving schemes, you could reduce your rate of income tax in 24/25 and unlock other benefits.

Annual Income

£130,000 including bonus

Highest rate of income tax and NI

47% Additional rate tax payer (effective rate of 62% on £25,140)

Deductions

£19,500
Pension contributions

£10,000
Bonus paid to pension

£1,500
Haleon share plan

Income after deductions

£99,000

New rate of income tax and NI

42% Higher rate tax payer

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reducing your income tax.

By paying more into your workplace saving schemes, you could reduce your rate of income tax in 24/25 and unlock other benefits.

Income after deductions

£99,000

New highest rate of income tax

42% Higher rate tax payer

Personal Allowance

£12,570

Tax-free childcare eligibility

Yes

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 (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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Haleon Pension Plan.

Contributions				
Haleon 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%



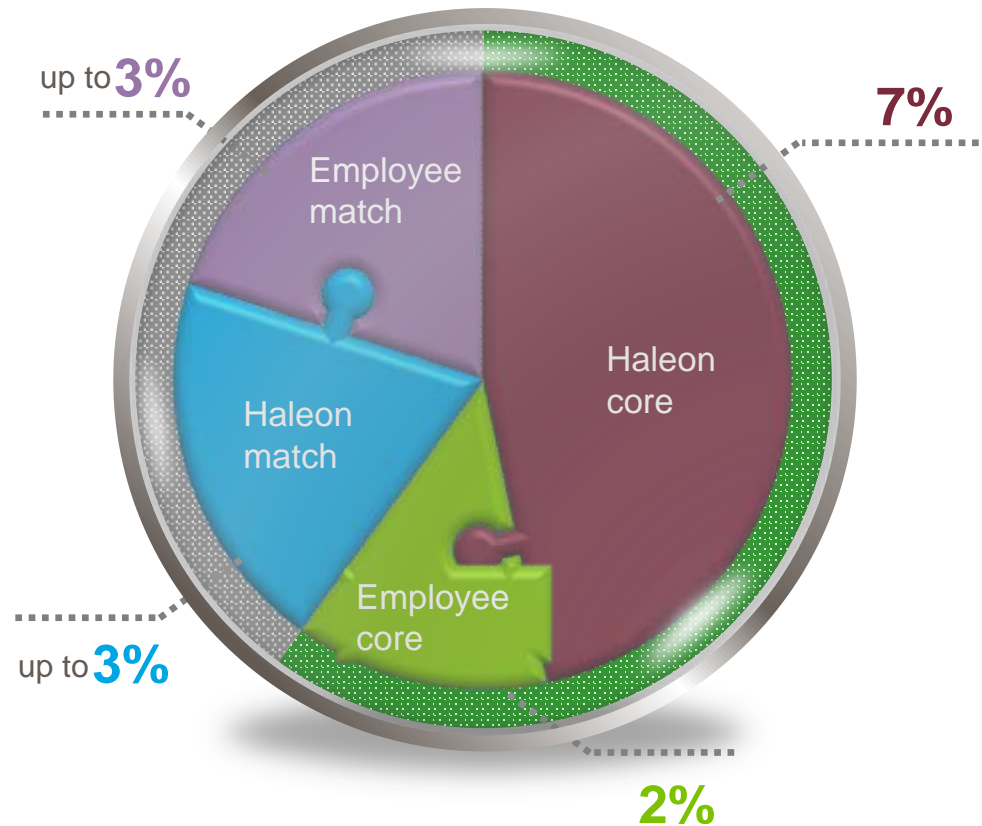
Contributions are paid via Salary Sacrifice



Default Normal Retirement Age is 65

Haleon Pension Plan.

Making the most of Haleon matching contributions will result in contributions made up of:



salary sacrifice.

Annual Salary = £135,000 (additional rate taxpayer)

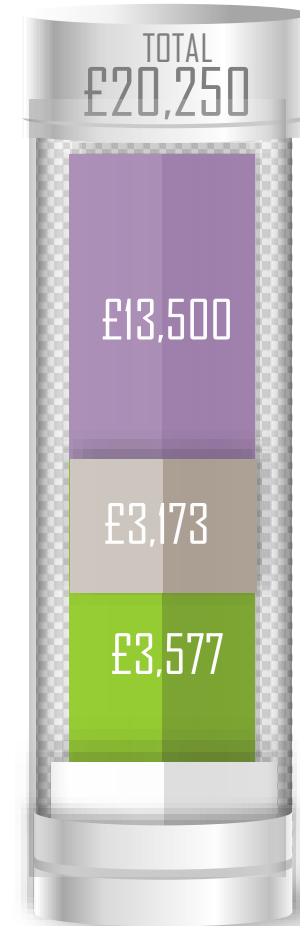
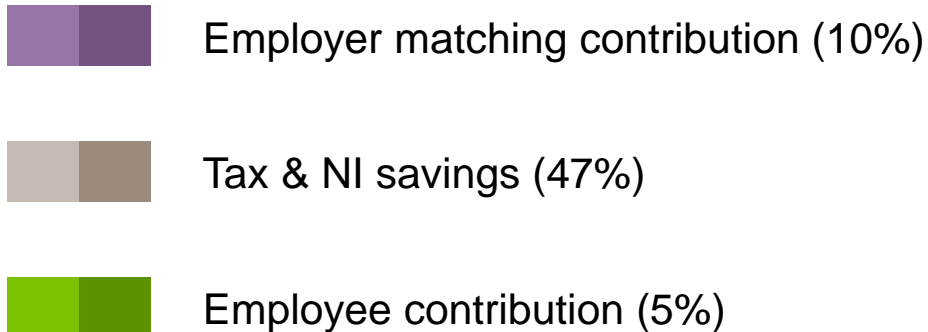
Employee Contribution = £6,750 (5%)

Tax Saving = 45%

NI Saving = 2%

Personal Cost = £3,577pa

Employer Contribution = £13,500pa (10%)



limits on tax efficiency.

Annual Allowance (AA)

- The annual allowance is £60,000*
- This may be reduced if your total taxable income exceeds £200,000 or you flexibly withdraw taxable income from a DC scheme
- Carry forward may be available from up to the 3 previous tax years

New limits

- The Lifetime Allowance (LTA) has been abolished
- Two new limits have been introduced:
 - Lump Sum Allowance (LSA): The maximum tax-free cash is limited to 25% of the pension value, subject to a total cap of £268,275 (which is set to be frozen)
 - Lump Sum and Death Benefits Allowance (LSDBA): The maximum amount of non-taxable lump sums that can be taken from a pension, set at £1,073,100.
- Those individuals who hold LTA protection will have allowances based on their protected LTA



If you think you may be affected, ask about this on your follow up call

*Tax relief is only available on contributions up to the greater of 100% of relevant earnings or £3,600

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



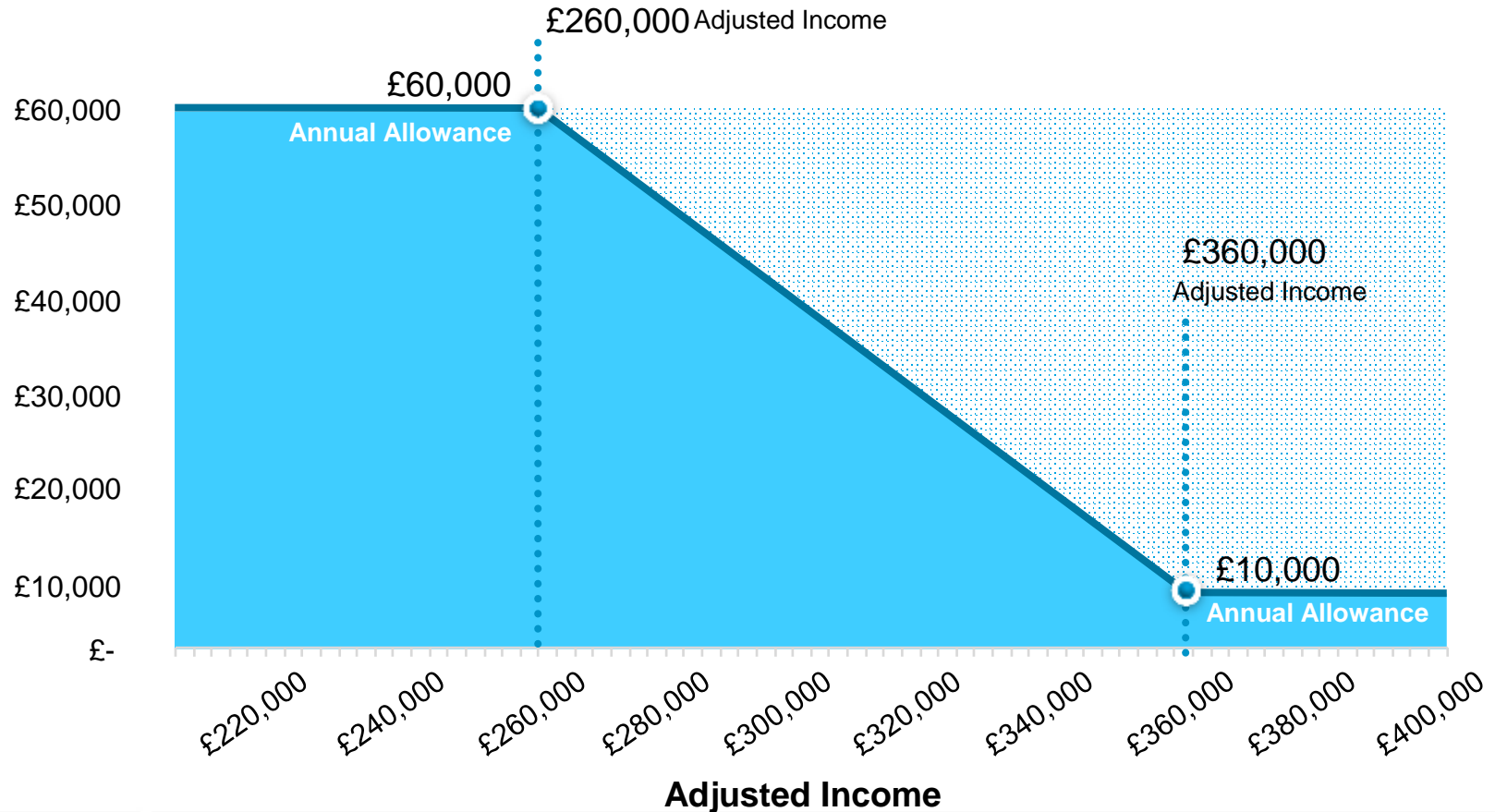
Then any unused AA from the earliest year



You must use the AA in the current tax year first

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.



limits on tax efficiency.

New limits

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Haleon share plans.

share reward.



Contributions into share reward reduce your gross salary









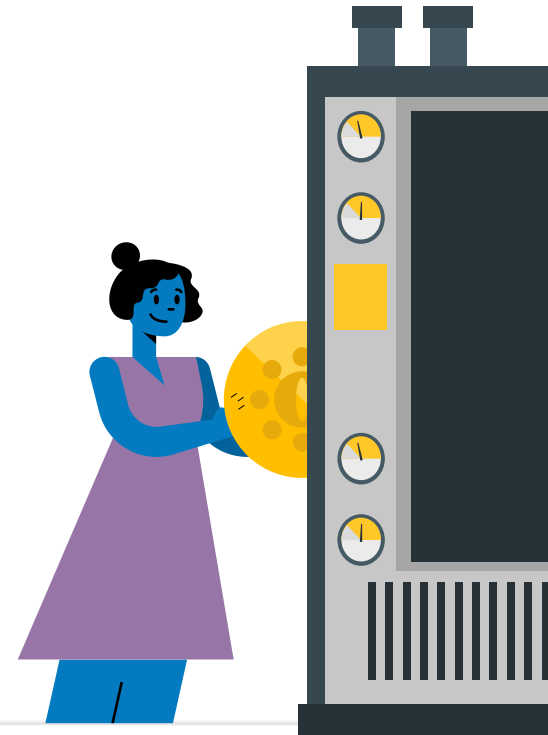
Your contributions are free of both tax and National Insurance



In some cases, reducing gross salary could move you into a lower tax band

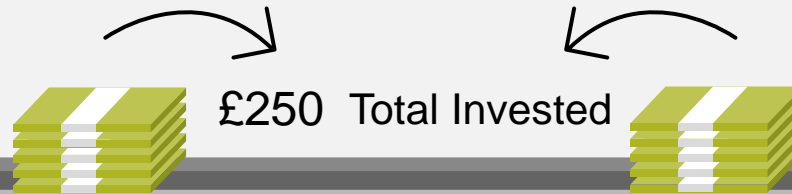
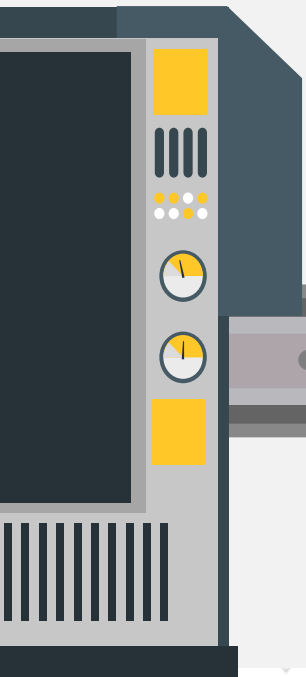
share reward.

-  Contribute 10% of salary up to £125 pm
-  1 free share for every share you buy
-  Savings on Income Tax and National Insurance
-  Dividends can buy dividend shares or can be paid as cash
-  Shares can be sold tax free after 5 yrs (dividend shares 3 yrs)
-  Shares can be transferred to an ISA, or sold and the proceeds transferred to a SIPP subject to HMRC limits

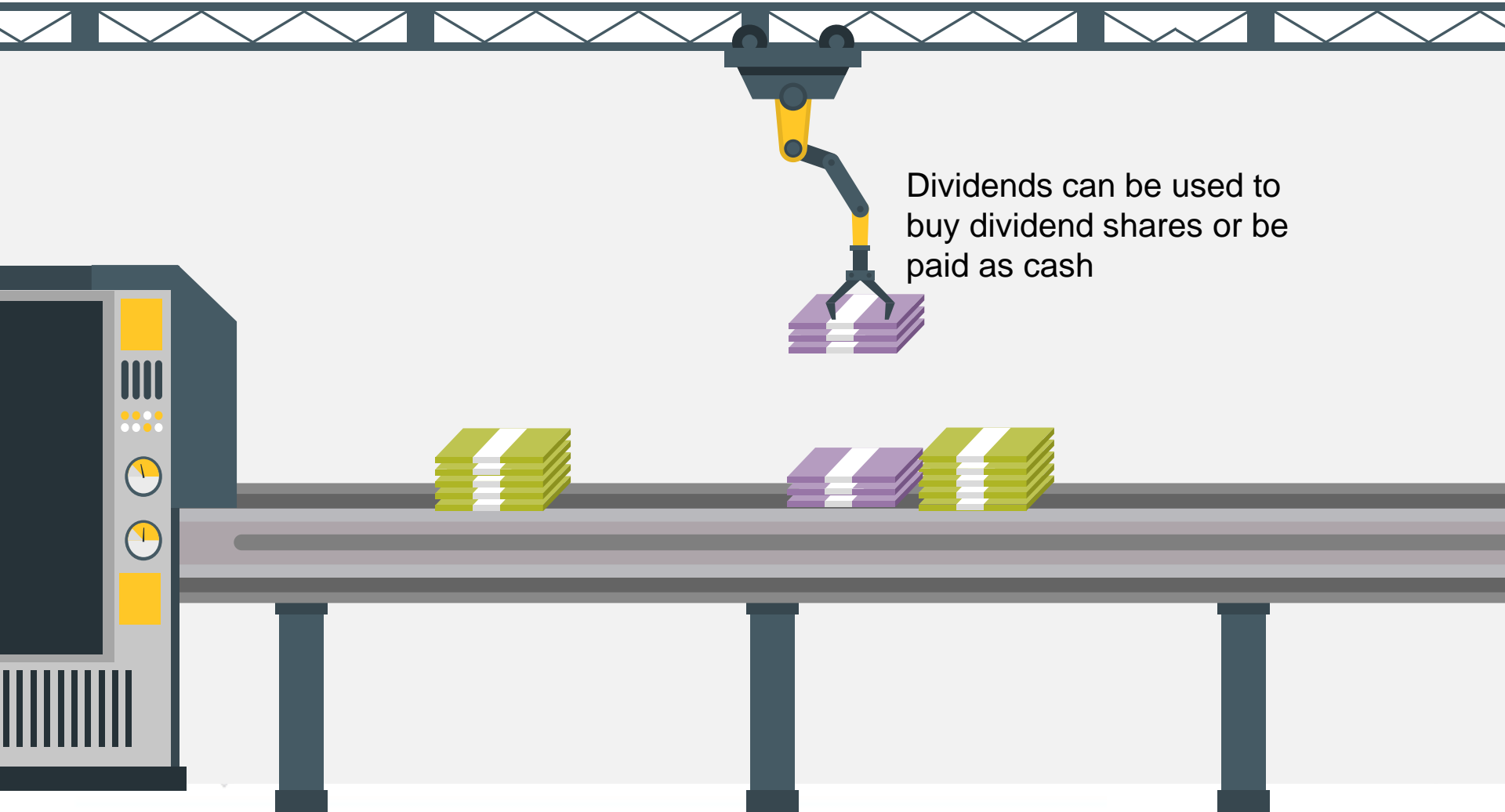


share reward.

£125	Invested	£125	Reward shares
£58.75	Tax and NI saving (47%)		
£66.25	Personal cost		



share reward.



Dividends can be used to buy dividend shares or be paid as cash

share reward.

Access dividend shares tax-free
or leave them in the scheme



share reward.

Access investment and reward shares tax-free or leave them in the scheme



choices upon leaving Haleon.

When you leave Haleon, your shares must be removed from Share Reward.



Tax and National Insurance may be due on shares held for less than 5 years when you leave Haleon.

share save.

Save between
£5 and £500
per month

Option price is
set at the start
of the term and
will be 20%
below the
share price at
that time

At the end of
the term, buy
shares or take
savings tax
free*

Save for a 3
year period

Possible tax
free bonus at
the end of the
contract

Shares can be
transferred to
an ISA**

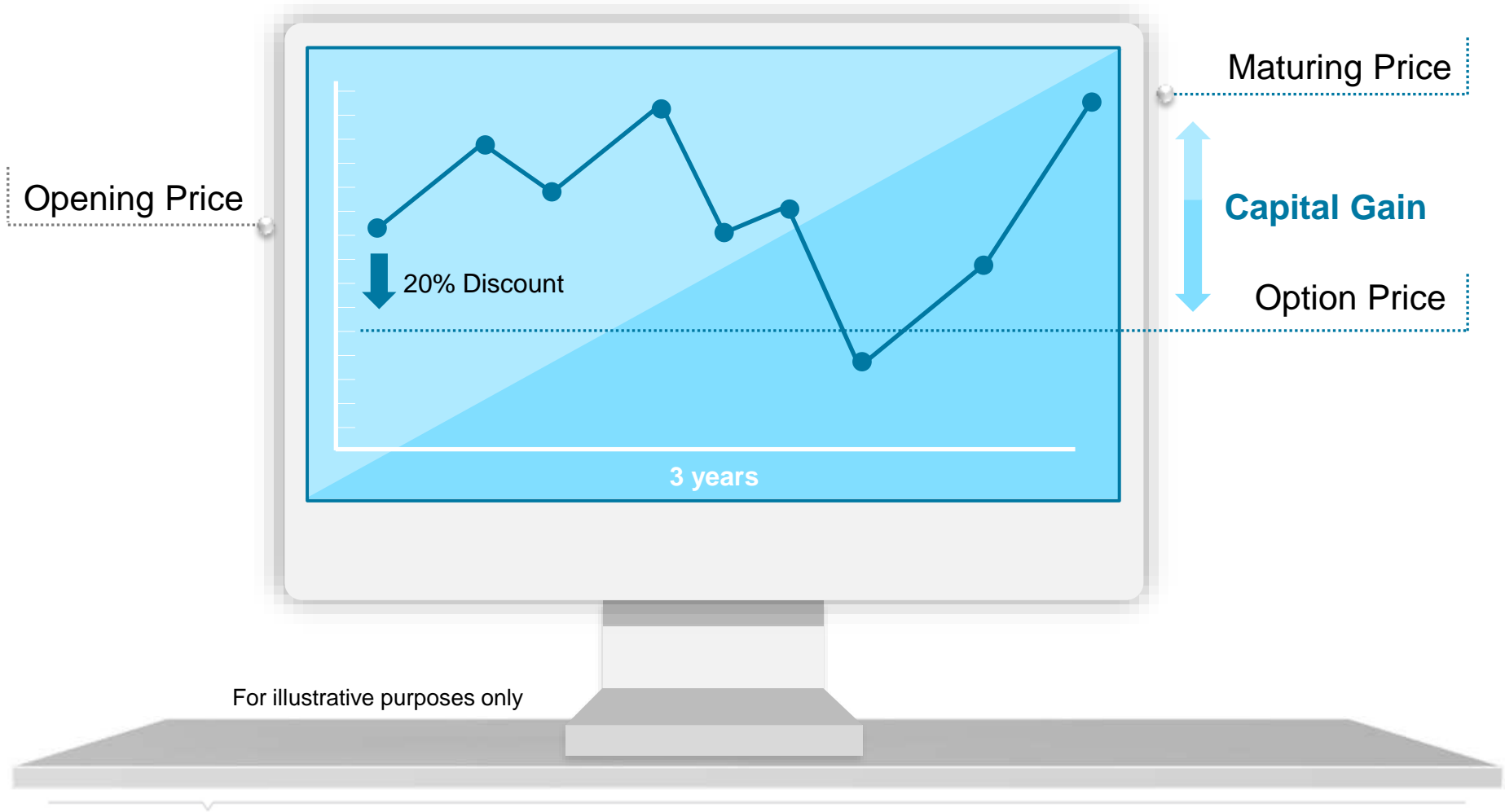
*your option can be exercised anytime within 6 months from the end of the term

**subject to HMRC limits

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share save.



For illustrative purposes only

share save options.

Exercise Option
and receive
shares
immediately

Exercise Option
and sell shares
immediately

Exercise Option
and transfer
shares into an
ISA *

Close Share
Save account
and obtain
repayment of
savings plus
bonus (if
applicable)

*Subject to HMRC limits

making use of tax
allowances.

personal savings allowance.

£1,000

Basic rate

20%

£20,000

£500

Higher rate

40%

£10,000

£0

Additional rate

45%

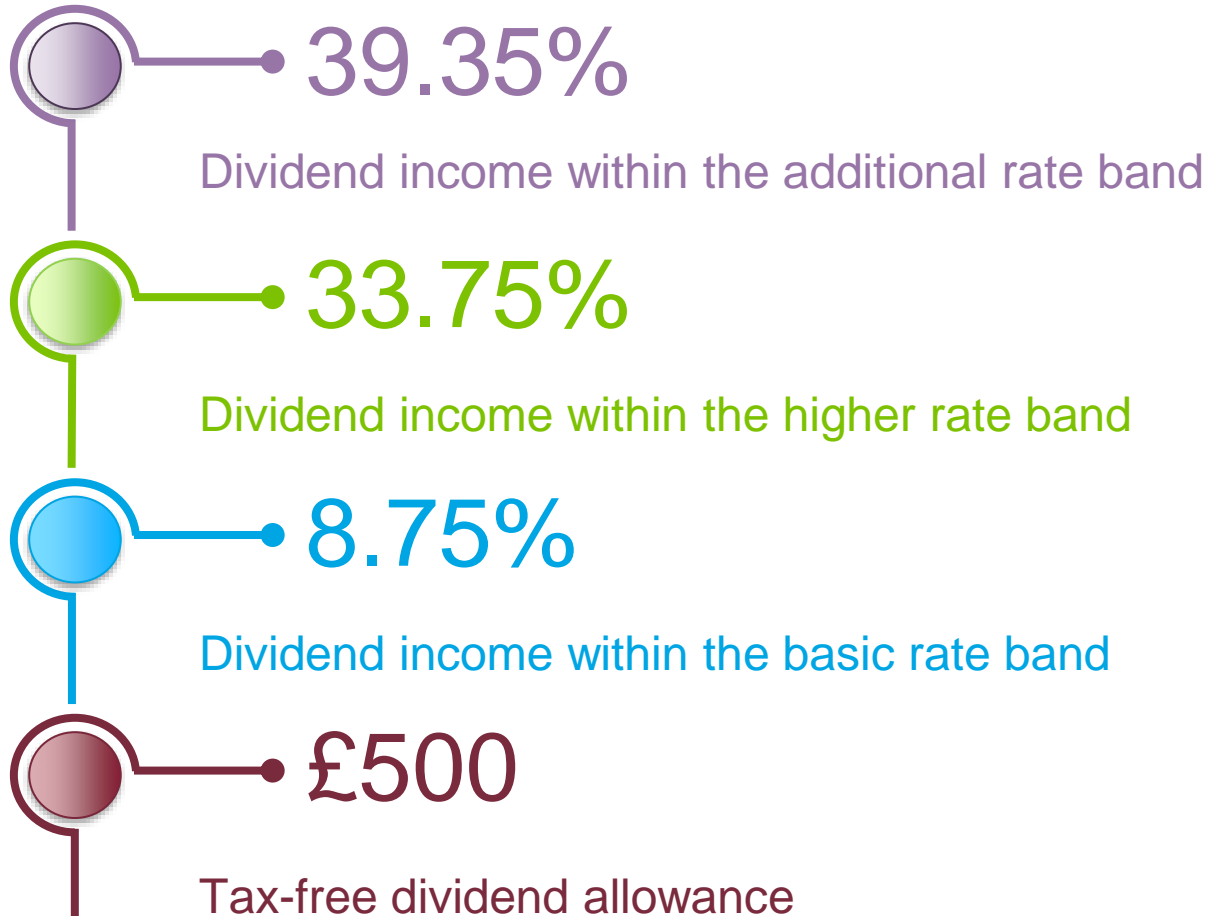
**5%
savings
rate**

The Personal Savings Allowance is based on UK income tax rates and not Scottish income tax rates

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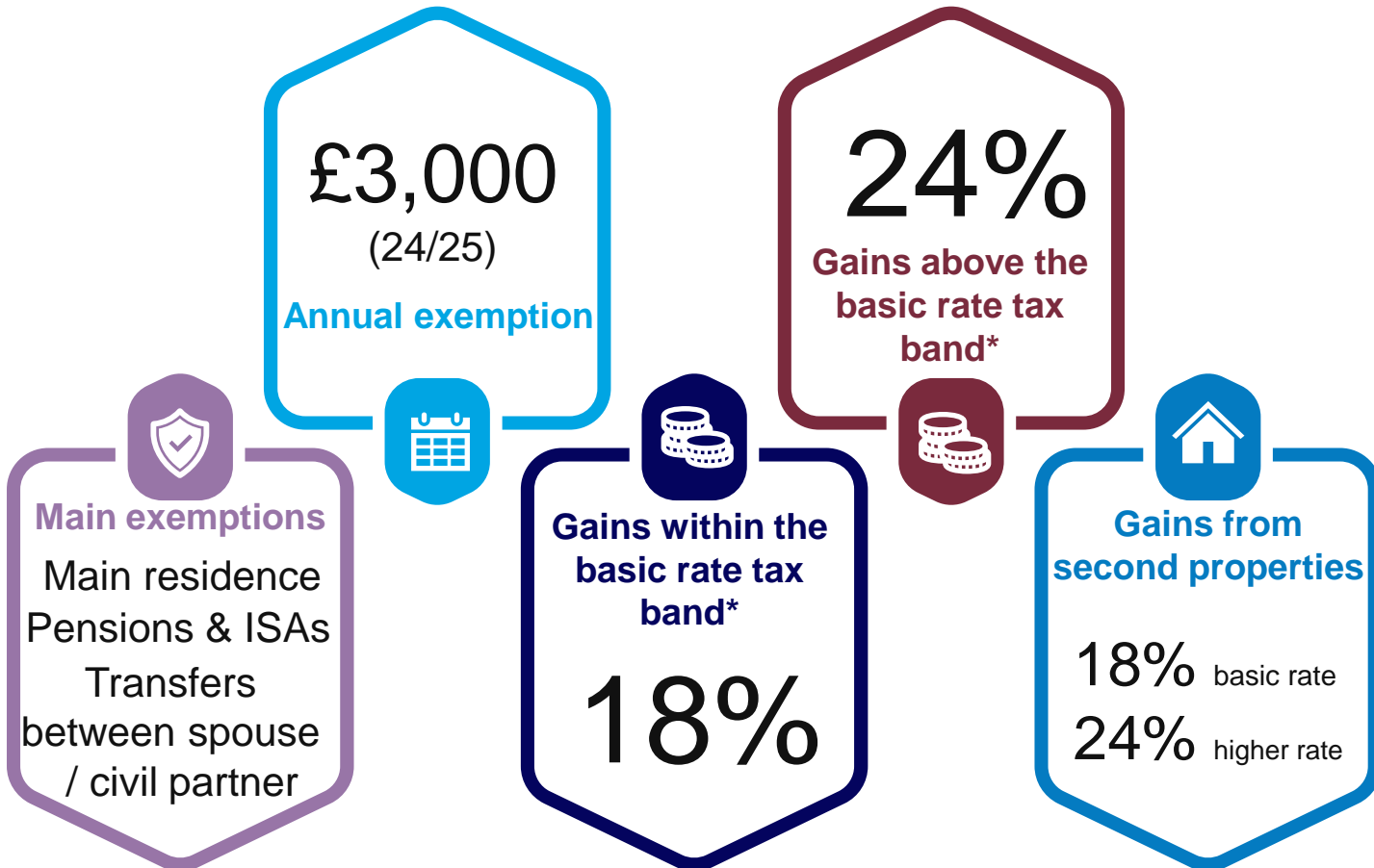
dividend tax.



The dividend allowance is based on UK income tax rates and not Scottish income tax rates

capital gains tax (CGT).

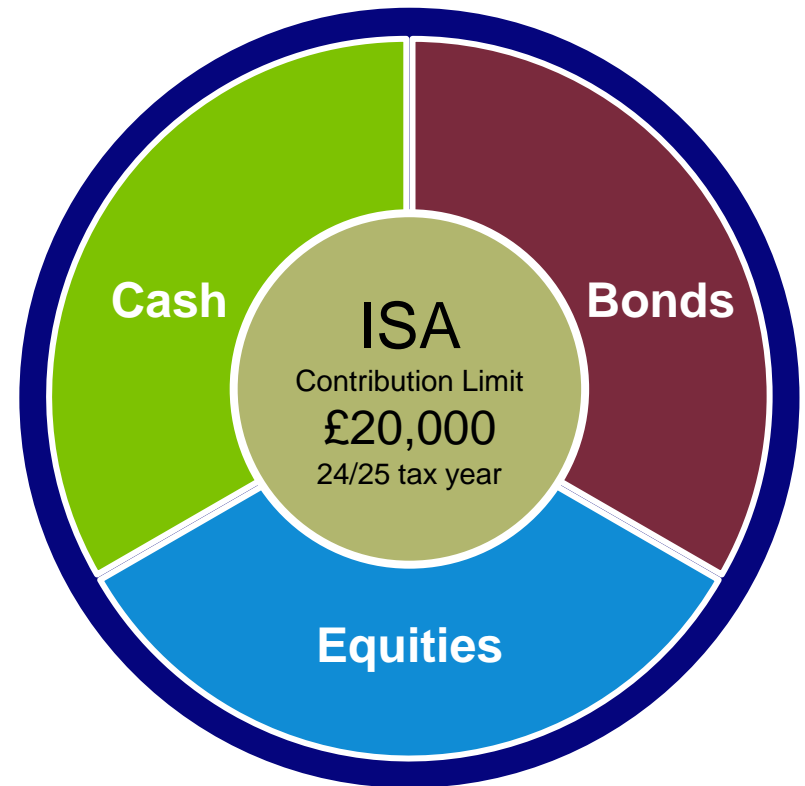
CGT is a tax on gains when certain investments are disposed of.



*Gains realised prior to 30 October 2024 are charged at lower rates of 10% and 20%.

individual savings accounts (ISAs).

- An ISA protects your savings from taxation
- Interest and dividends are tax-free
- Growth is free of Capital Gains Tax



action points.

01

Review your tax code and update with HMRC if it is incorrect

02

Calculate your potential taxable income this tax year

03

Plan ahead to reduce your tax costs and maximise the allowances available to you:

Including:

- Review your pension contributions
- Consider adjusting your pension contributions to manage your tax position

next steps.

LifeSight contact information.



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lifesightsupport@willistowerswatson.com



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PO Box 758, Redhill, Surrey, RH1 9G



www.lifesight-epa.com / TotalReward Online (if on the network)

further information and advice.

Personal budgeting and setting goals

www.moneyhelper.org.uk

State Pensions, Income Tax and ISAs

www.gov.uk

www.hmrc.gov.uk

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.

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

- Telephone **0800 028 3200**

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