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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.

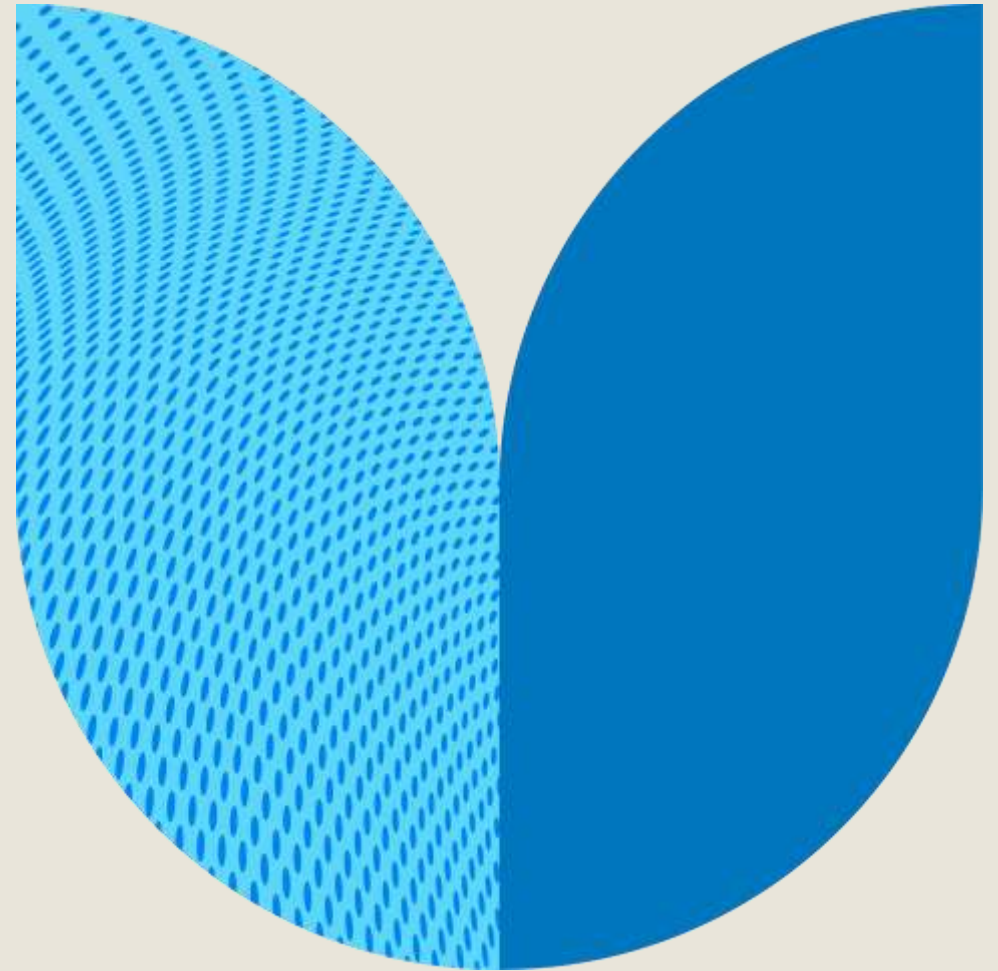
Established in 2005, we work with hundreds of organisations across both the private and public sector.

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

**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



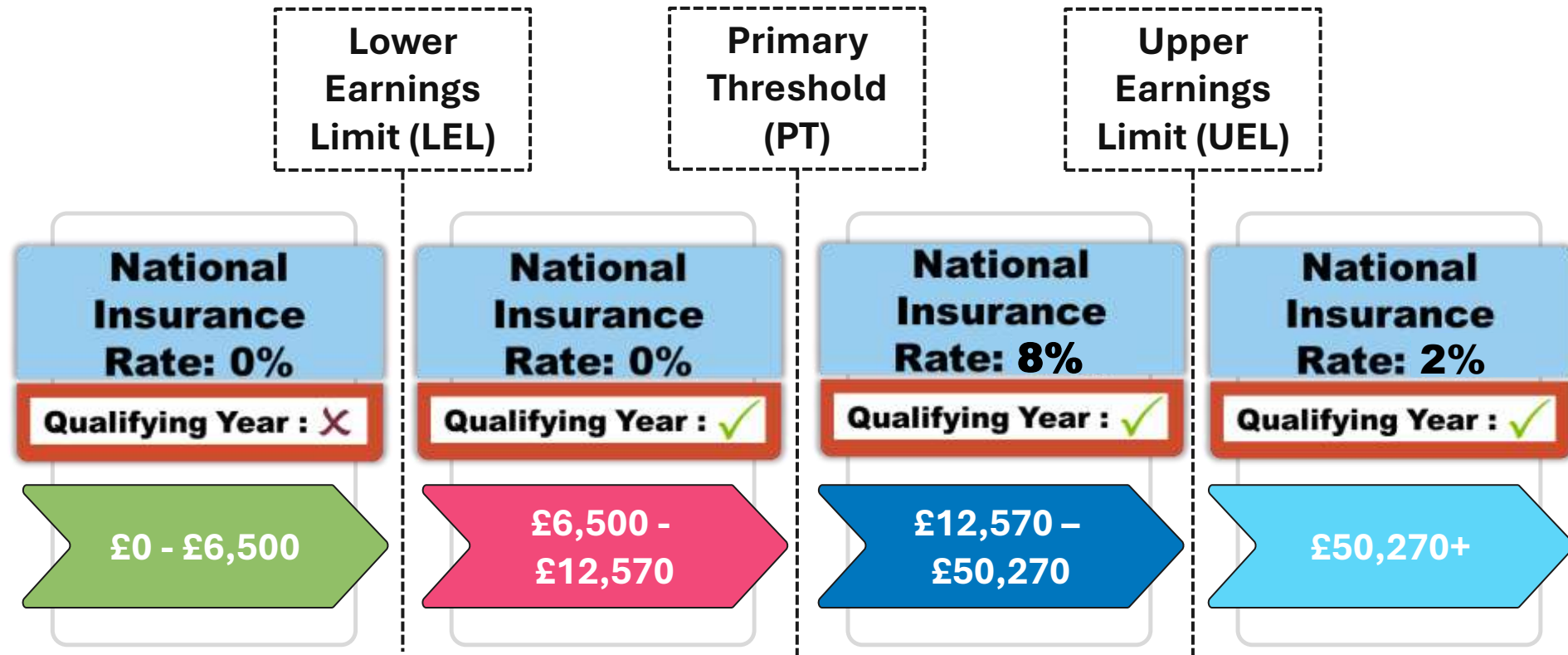
>£125,140

**Additional
Rate Tax**
on earnings above
£125,140



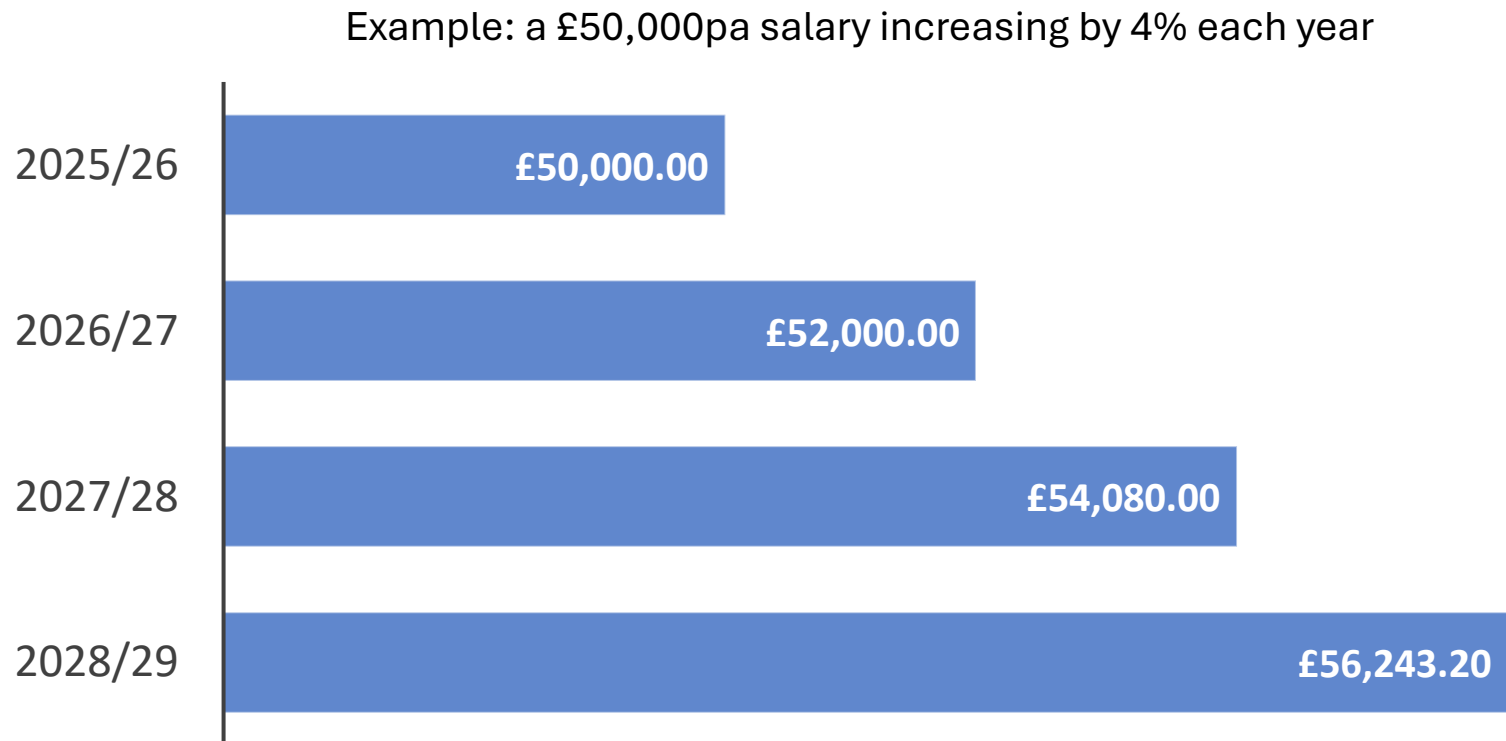
*The Personal Allowance reduces by £1 for every £2 of income above £100,000.

National Insurance



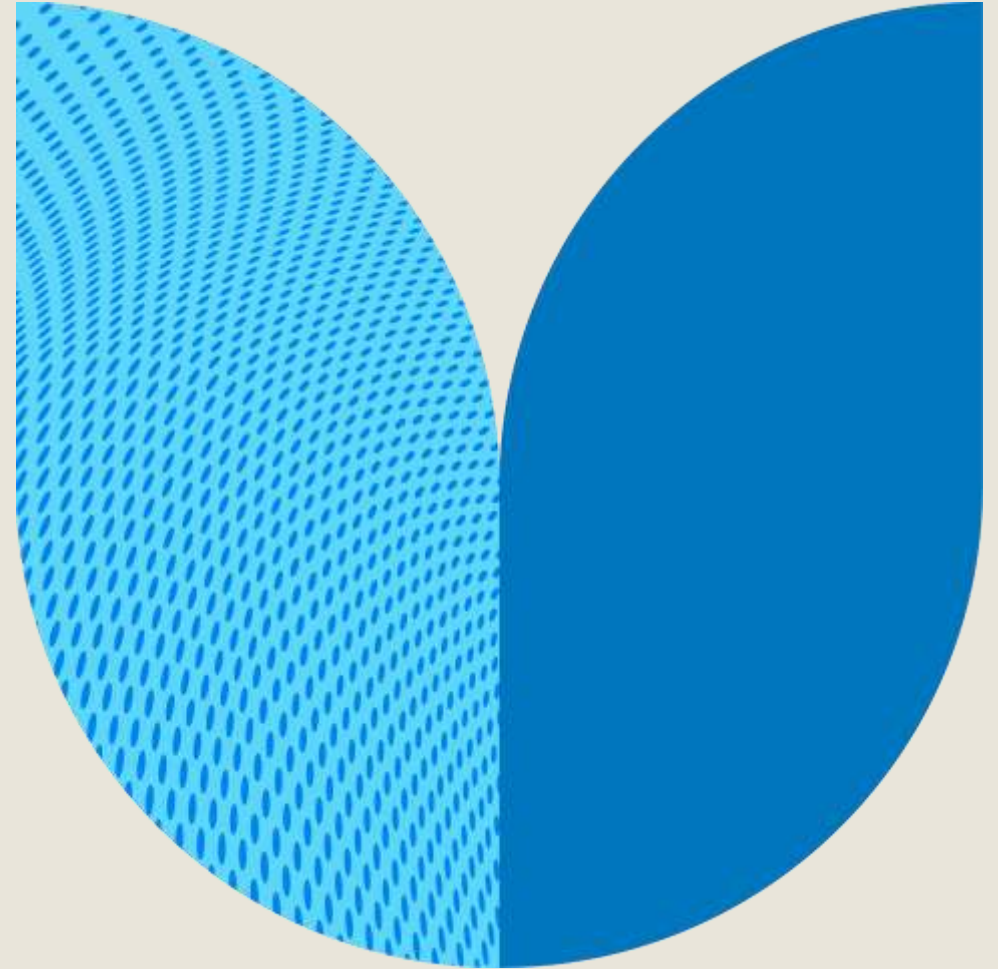
Salary inflation

The Personal Allowance and higher rate tax bands are frozen until April 2028.



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

Tax codes

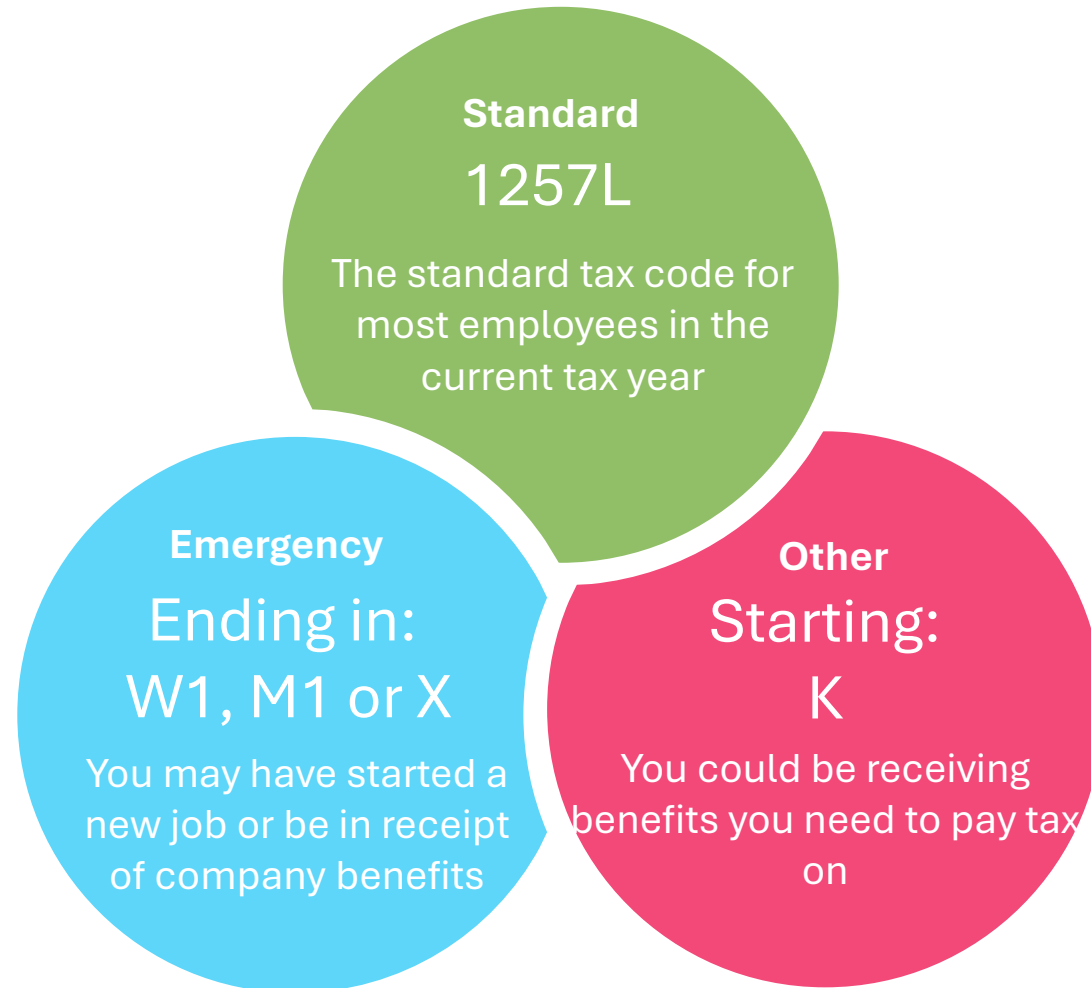


Tax codes

PAYE Coding Notice	
Tax code for the year 2025-26	
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 2025/26 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



How to fix an error

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

 HMRC: Income tax: general enquiries



Webchat

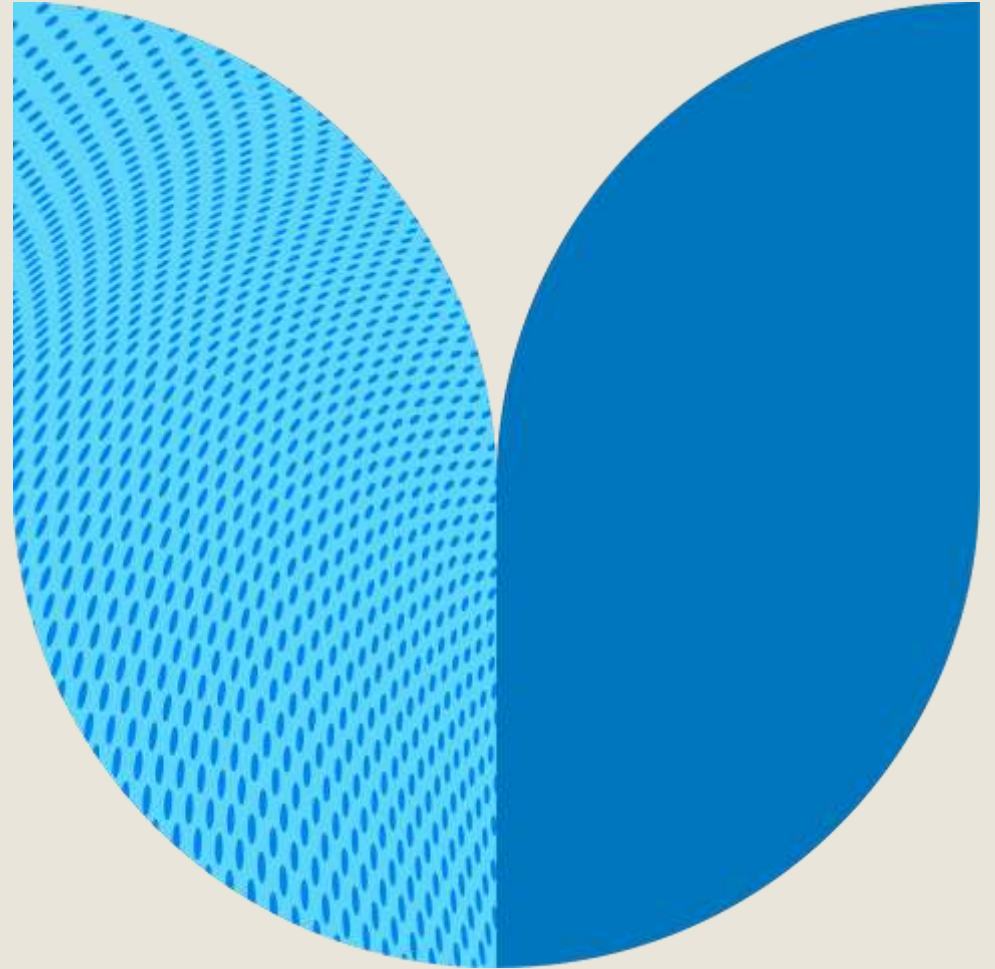


@HMRCcustomers (general enquiries only)

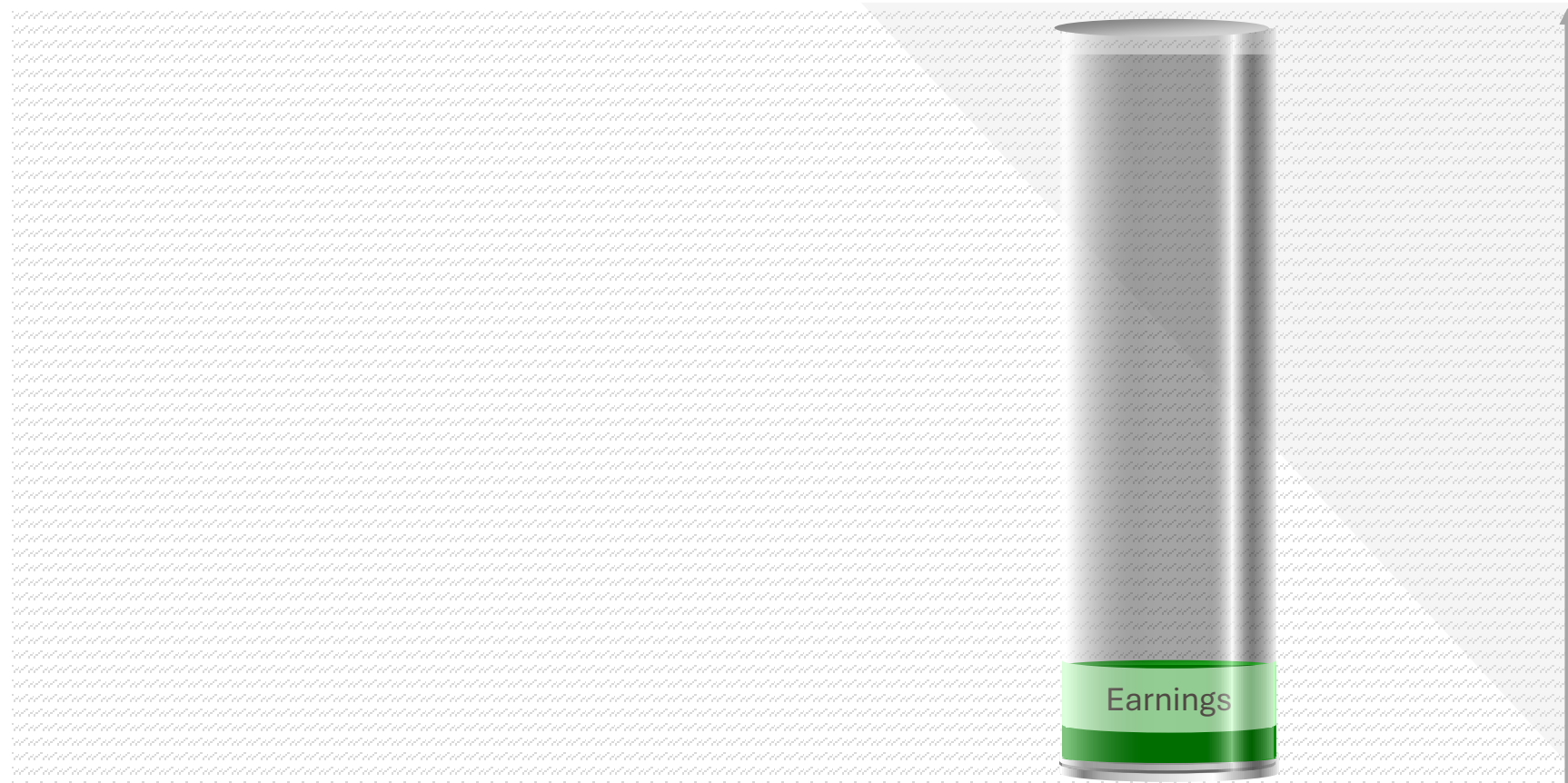


0300 200 3300

Tax issues affecting higher earners

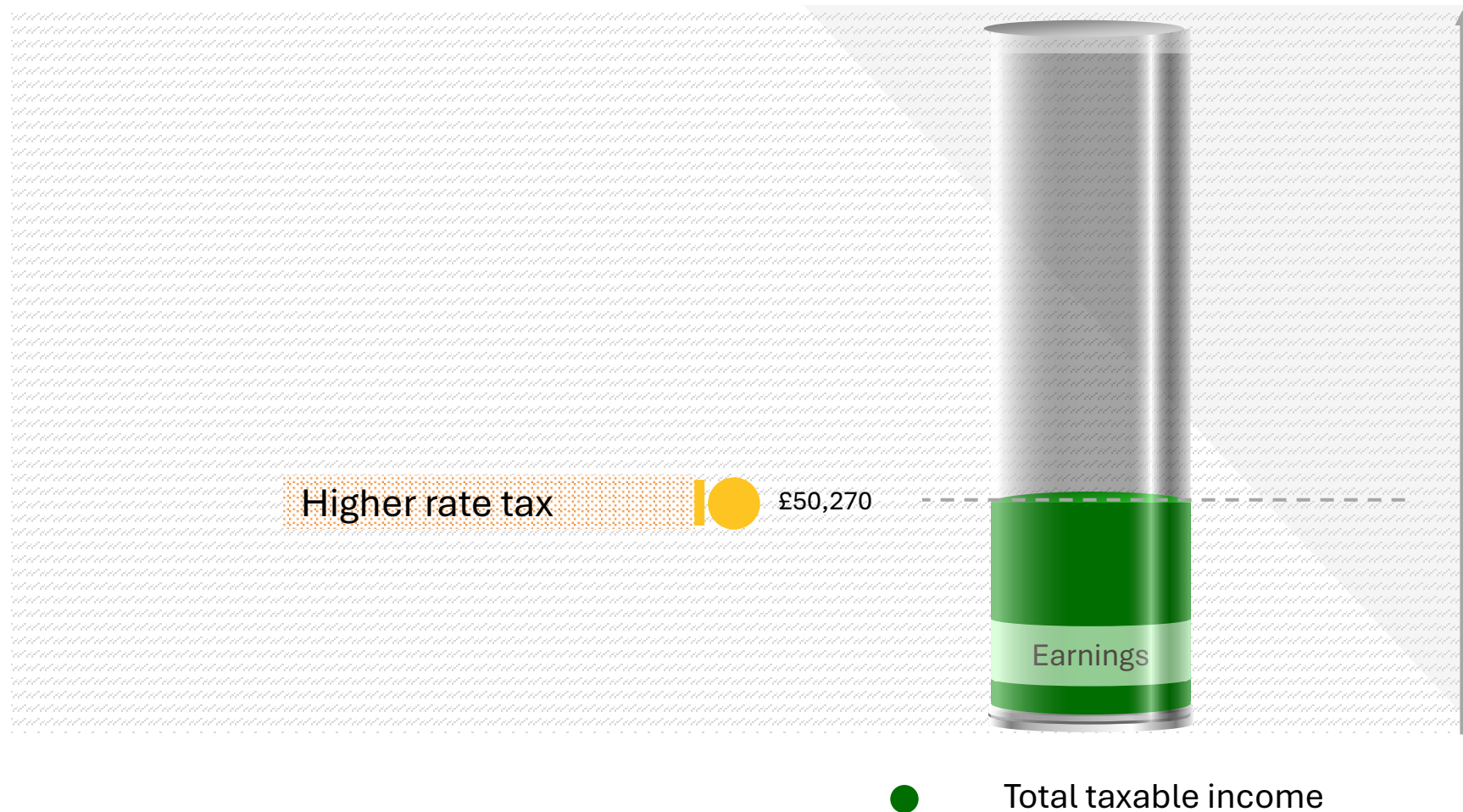


Issues affecting higher earners

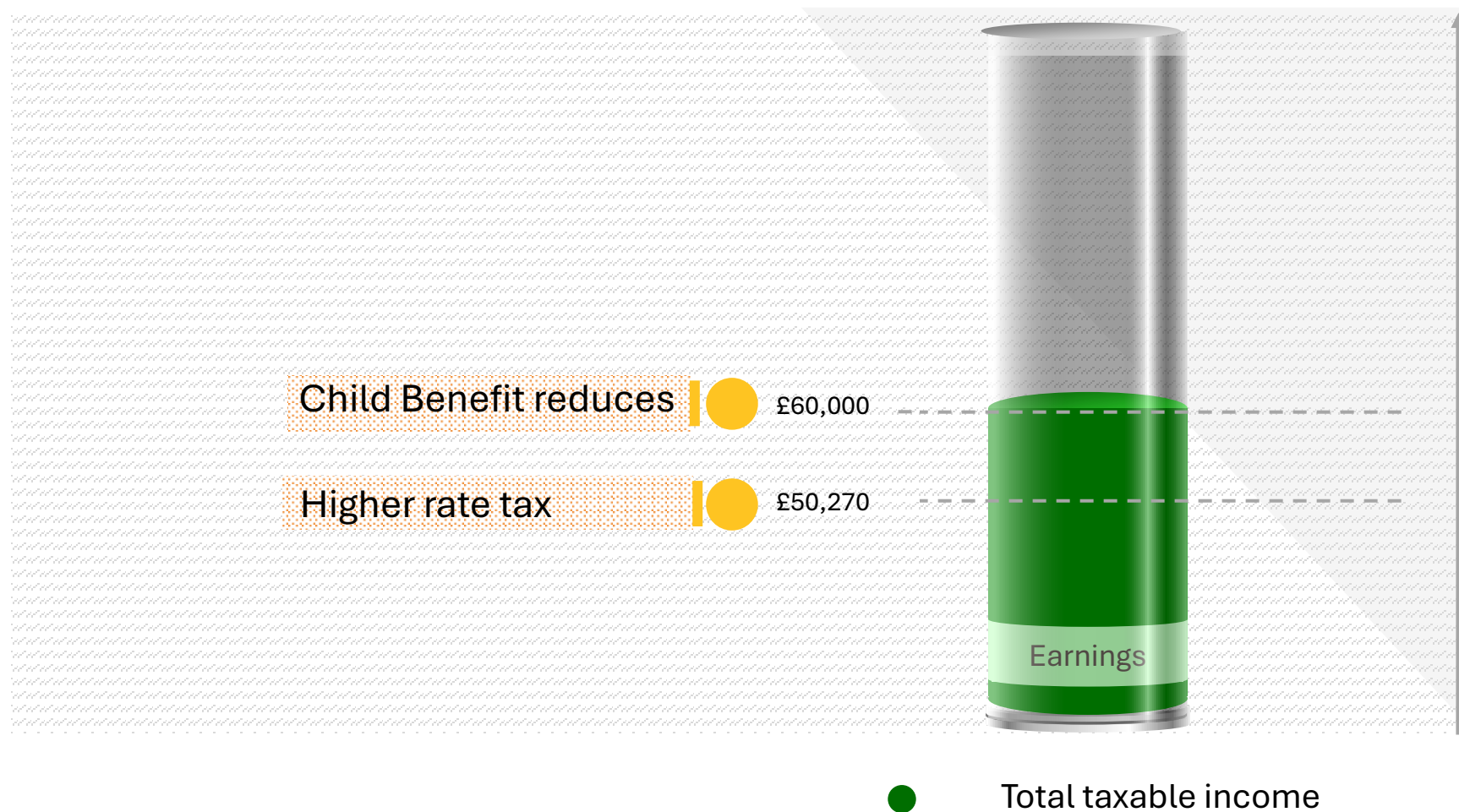


Total taxable income

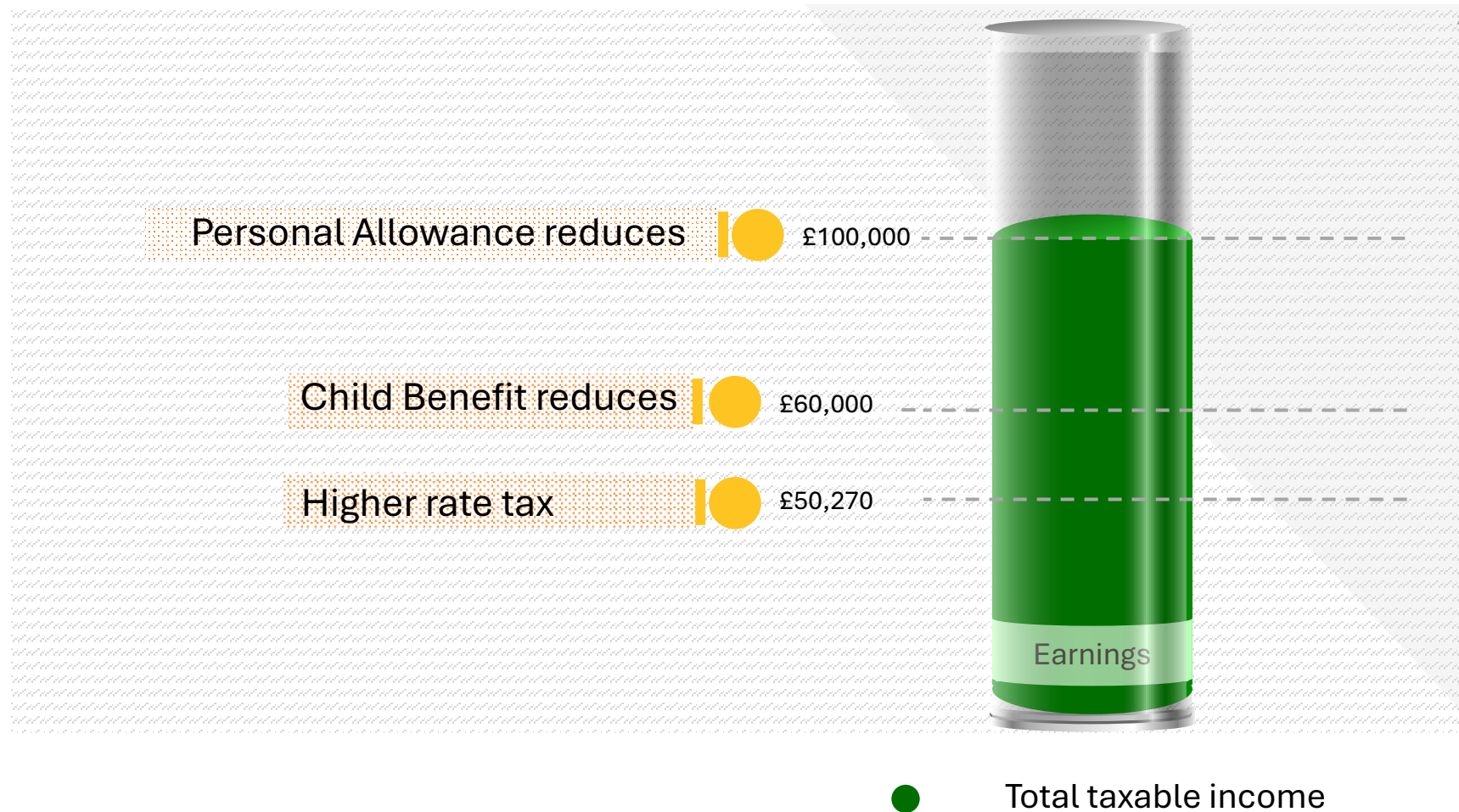
Issues affecting higher earners



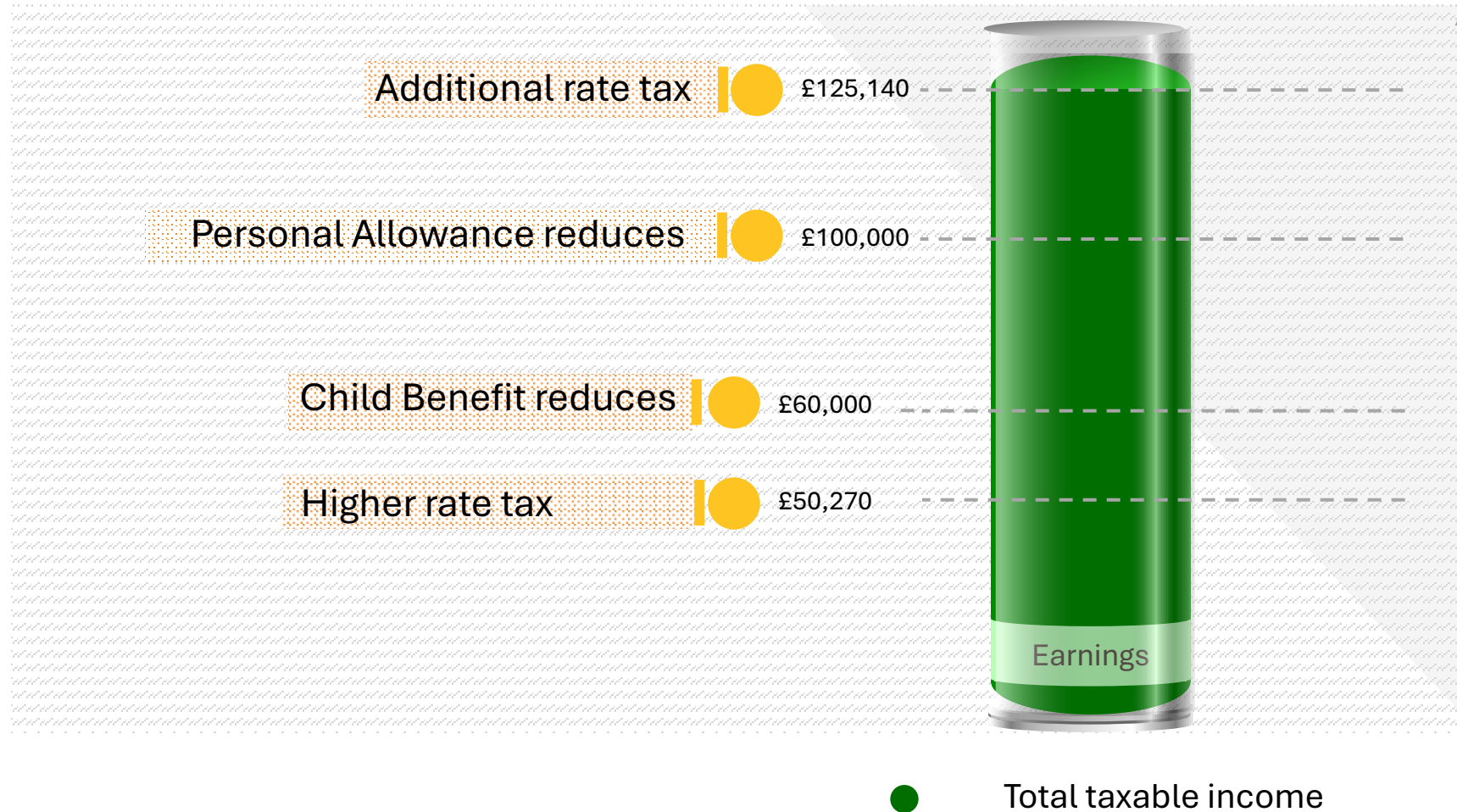
Issues affecting high earners



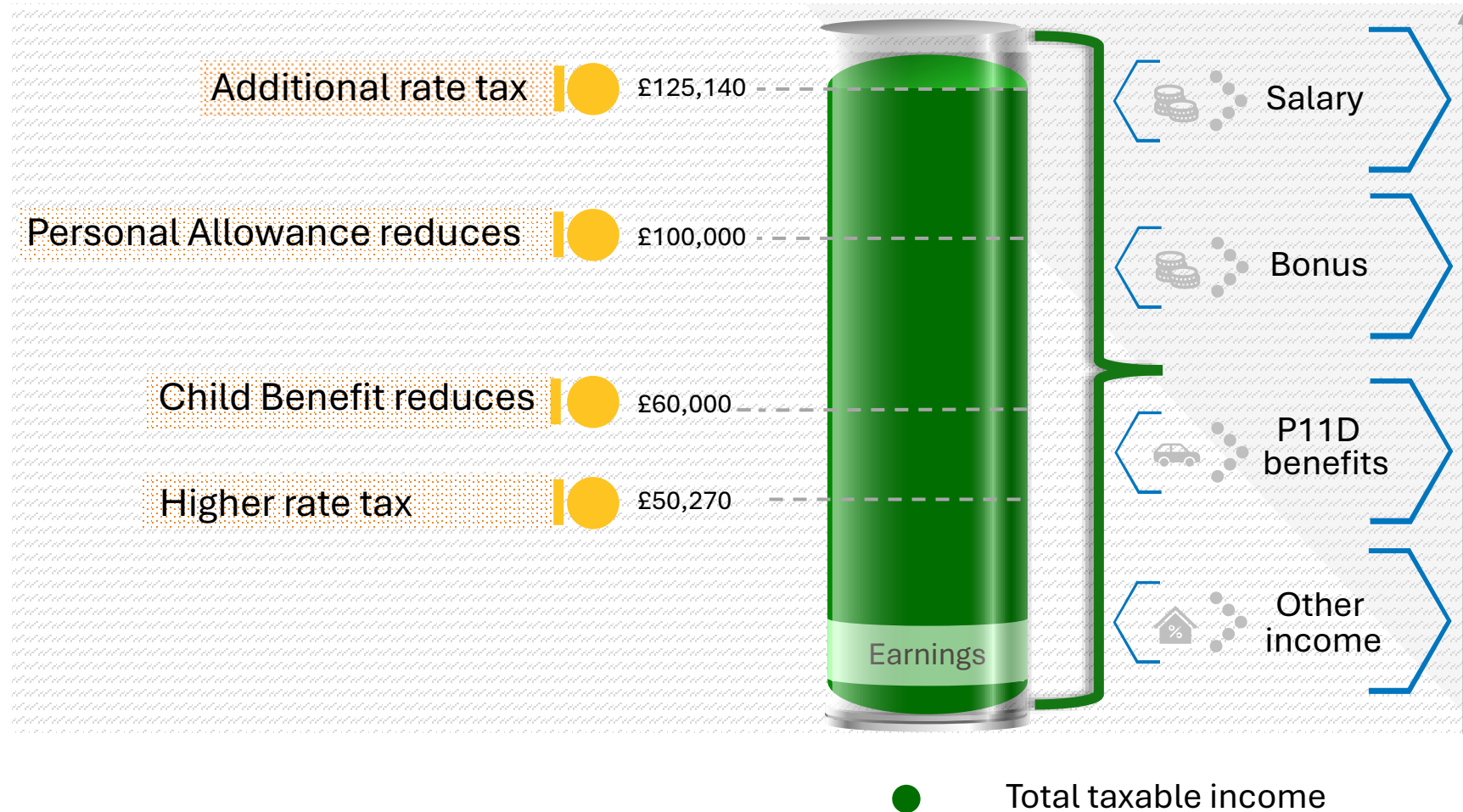
Issues affecting higher earners



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

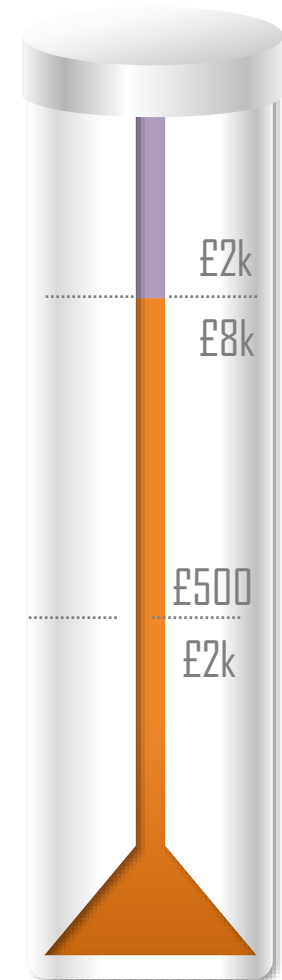
You or your partner cannot earn over £100,000

Further information



gov.uk/tax-free-childcare

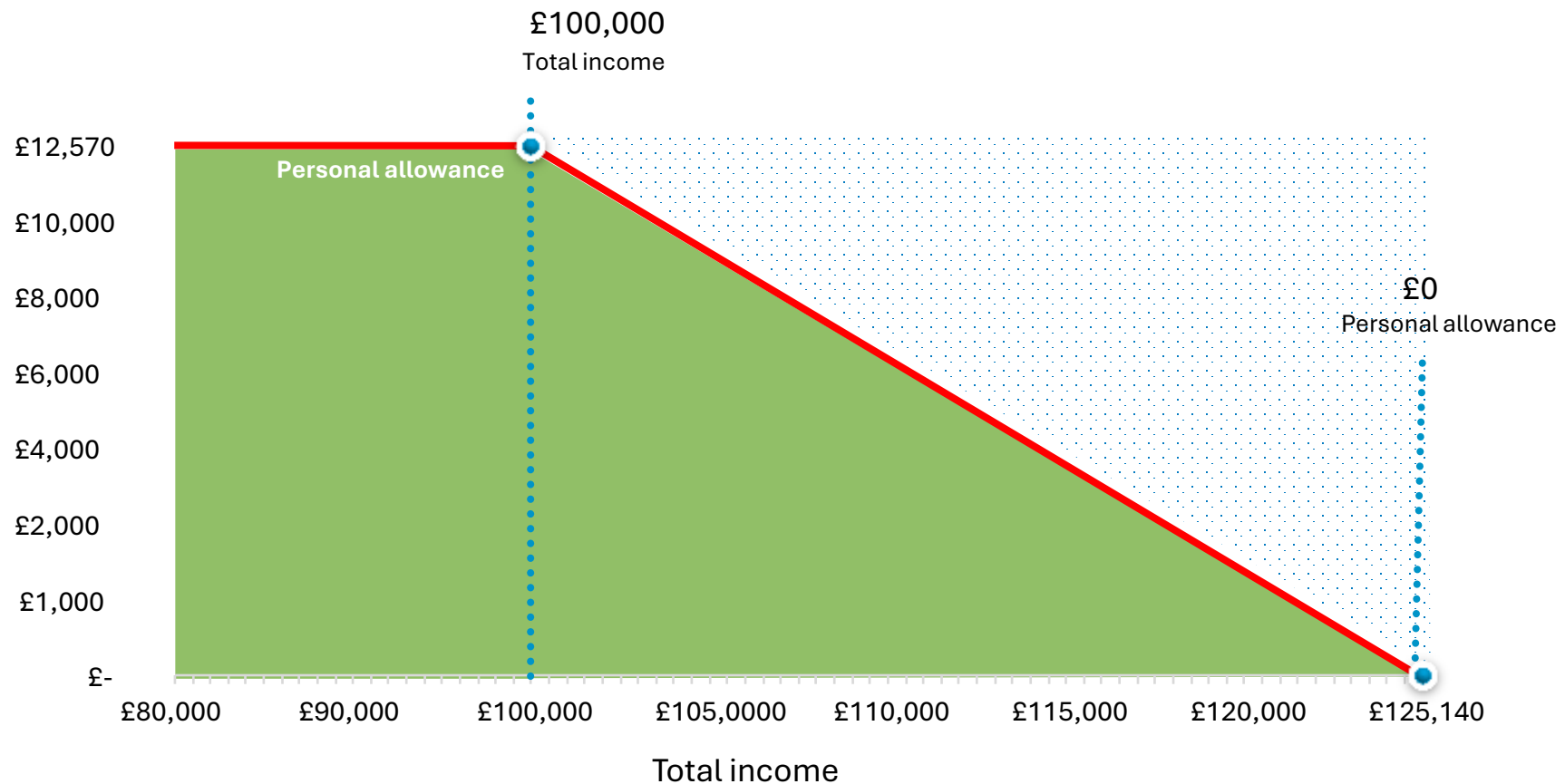
- Government top up
- Personal contribution



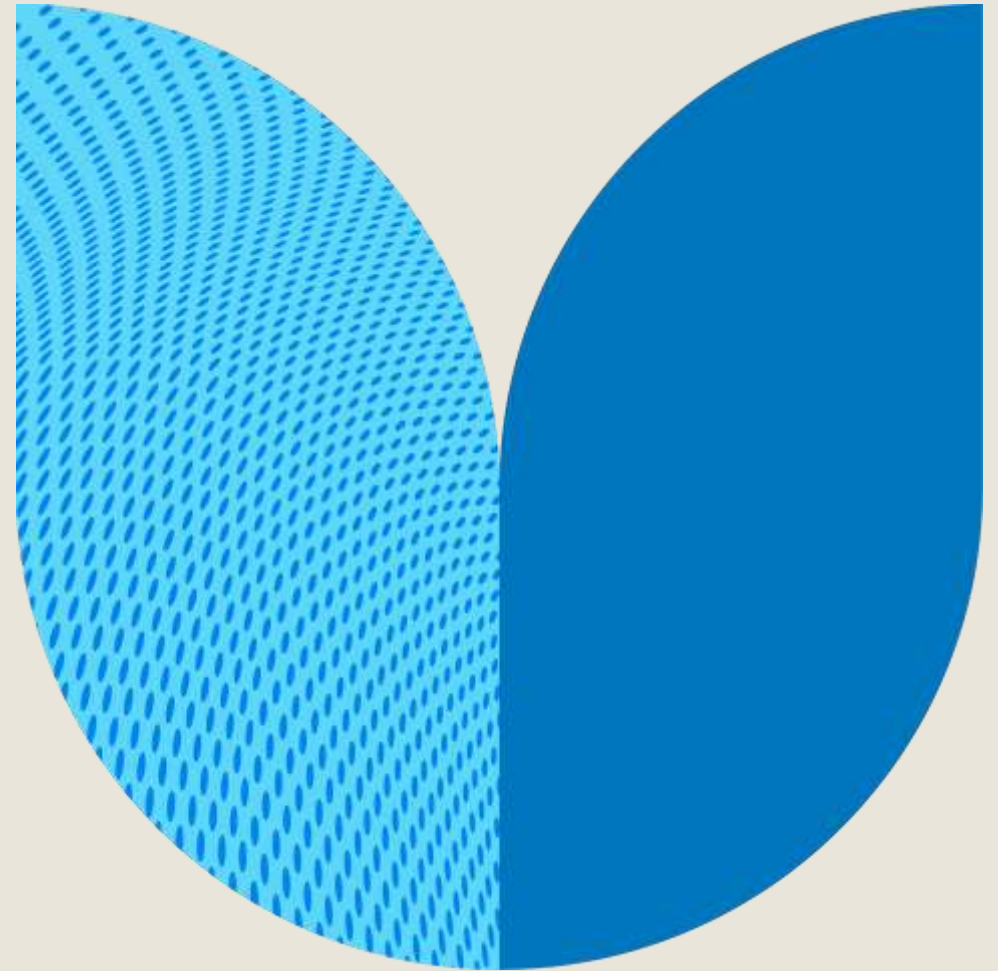
*If you're working, you may be able to get up to £4,000 a year to help pay for childcare for a disabled child until age 17.

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 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	£10,000	£1,500
Pension contributions	Bonus paid to pension	Haleon share plan

**Income after
deductions**

£99,000

**New rate of income
tax and NI**

42% Higher rate tax payer

Reducing your income tax

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

Income after deductions	£99,000
New rate of income tax and NI	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

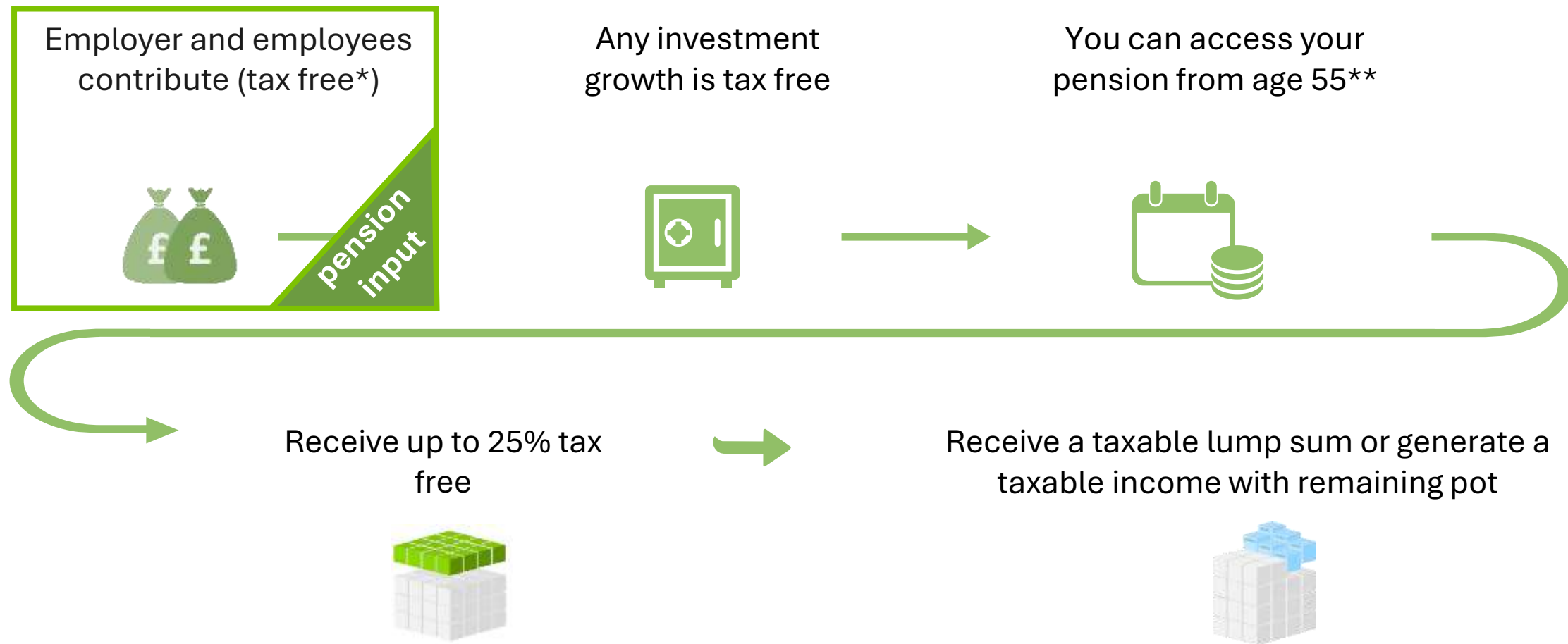
**Additional-rate
Taxpayers
up to 47%***

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



*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.

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%



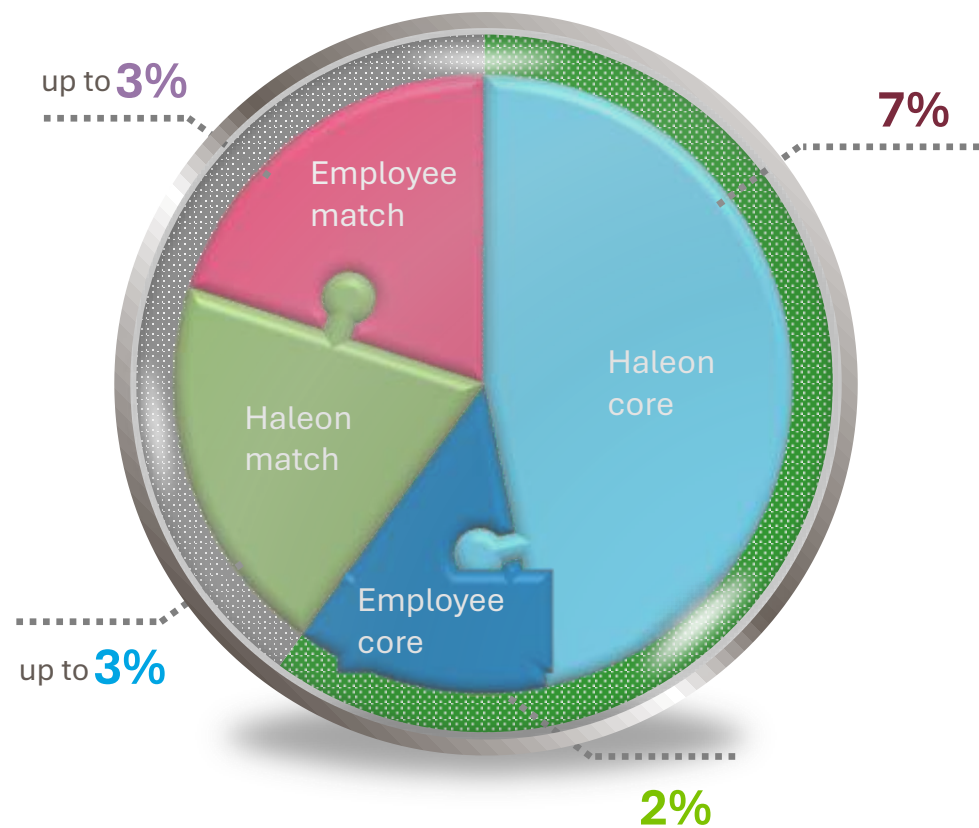
Contributions are paid via Salary Sacrifice



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%

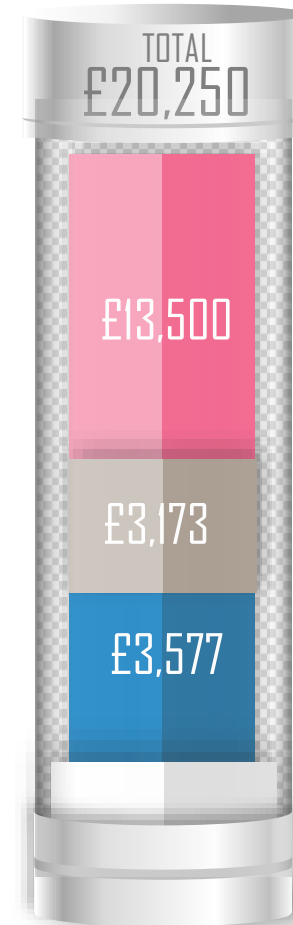
Personal Cost = £3,577pa

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

 Employer matching contribution (10%)

 Tax & NI savings (47%)

 Employee contribution (5%)



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

Limits on tax-free cash

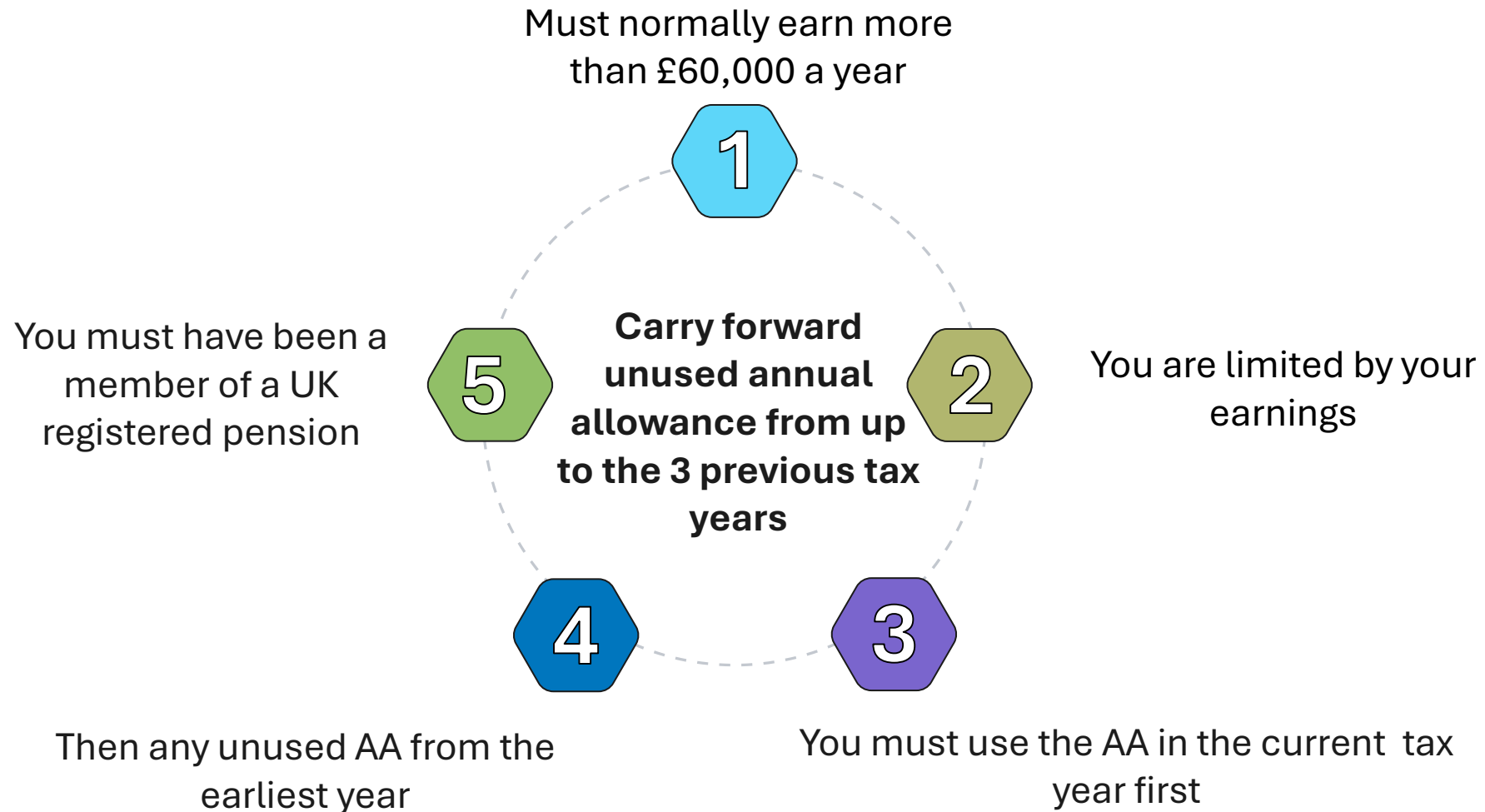
- Lump Sum Allowance (LSA): The maximum tax-free cash is limited to 25% of the pension value, subject to a total cap of £268,275 (which is set to be frozen)
- Lump Sum and Death Benefits Allowance (LSDBA): The maximum amount of non-taxable lump sums that can be taken from a pension, set at £1,073,100.
- Those individuals who hold Life Time Allowance (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

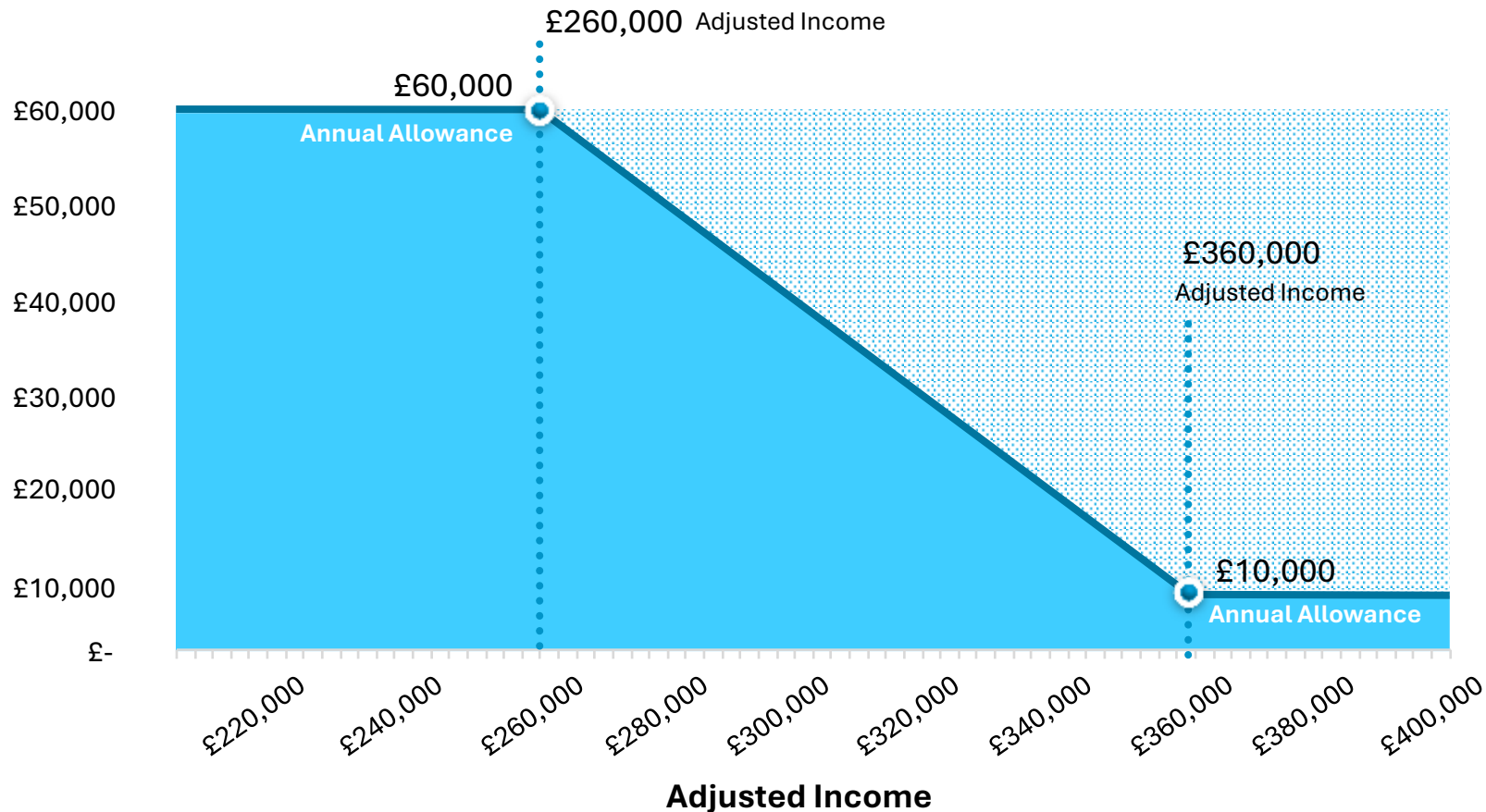
*Tax relief is only available on contributions up to the greater of 100% of relevant earnings or £3,600

Carry forward



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

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

Limits on tax-free cash

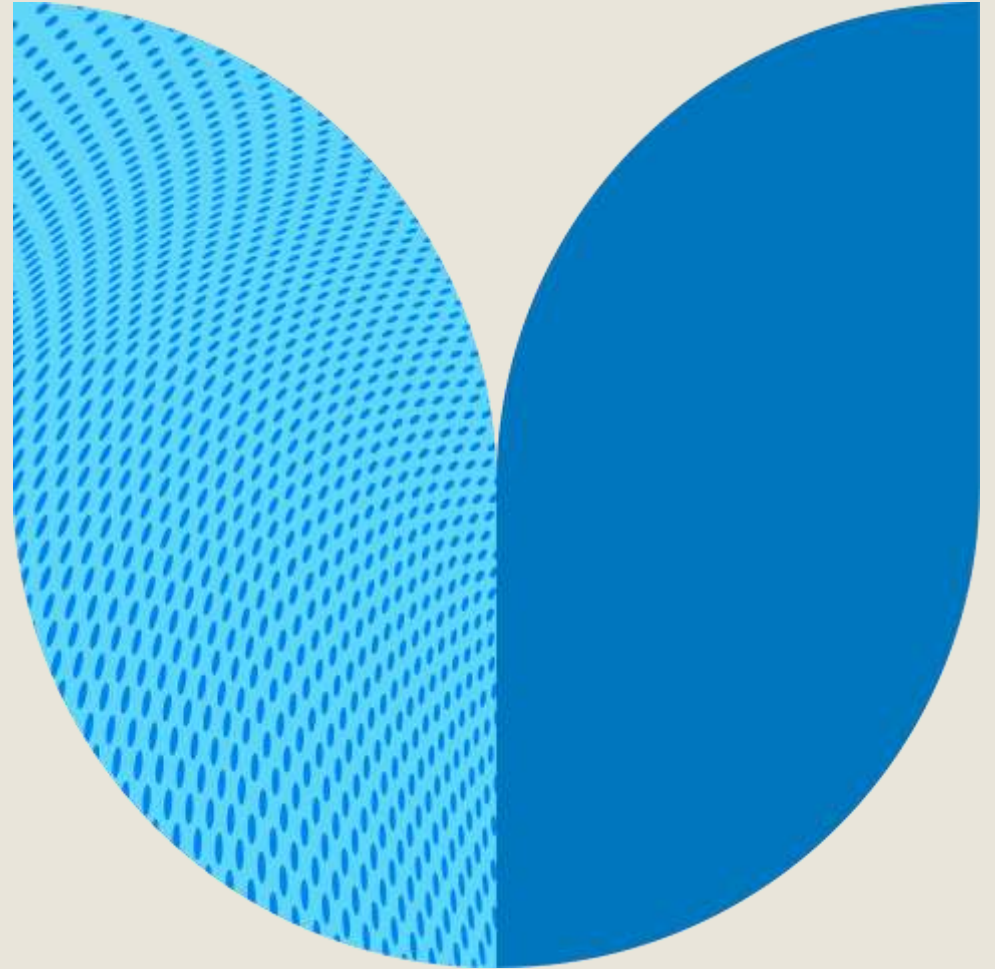
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If you think you may be affected, ask about this on your follow up call

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

Haleon share plans



Share reward



Contributions into share reward reduce your gross salary



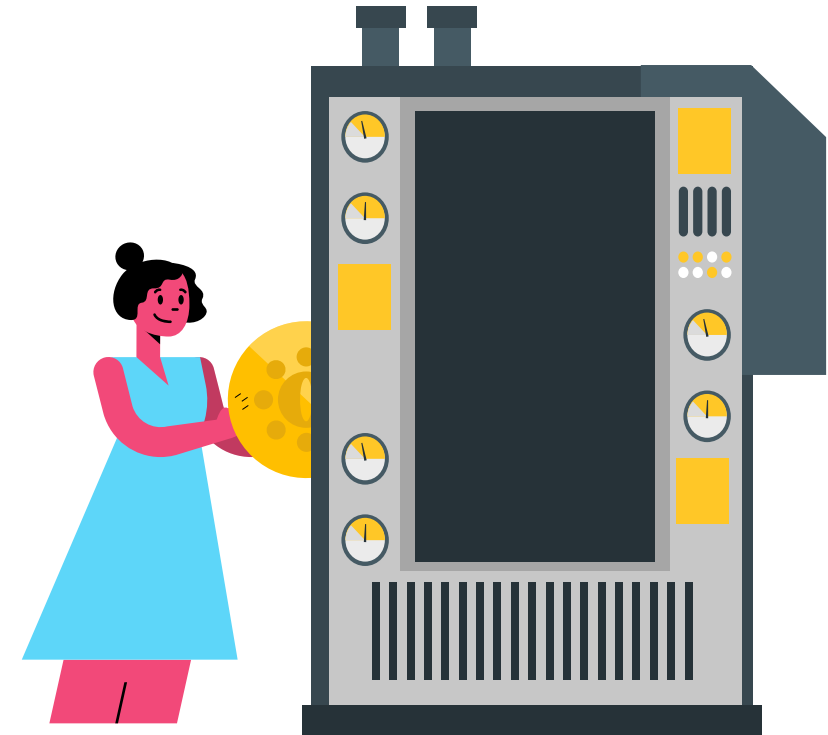
Your contributions are free of both tax and National Insurance



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

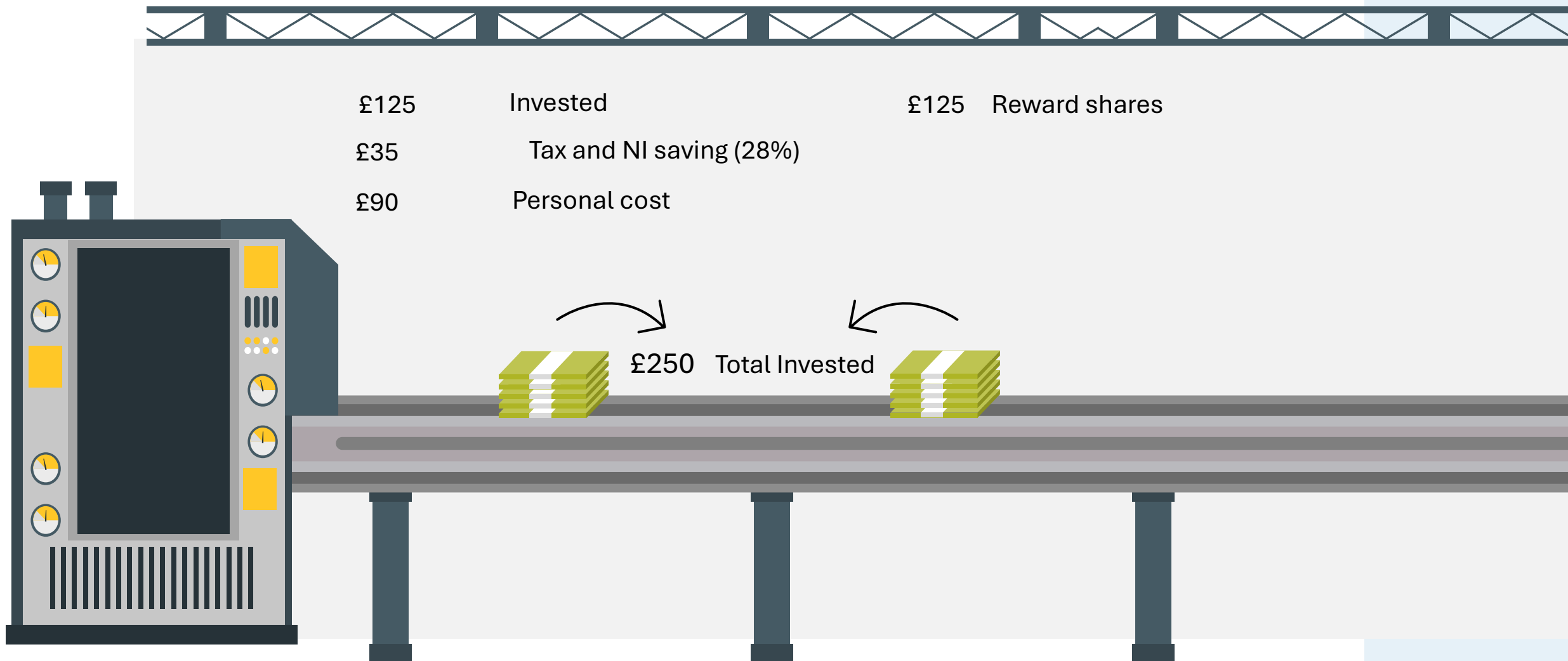
Share reward

-  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



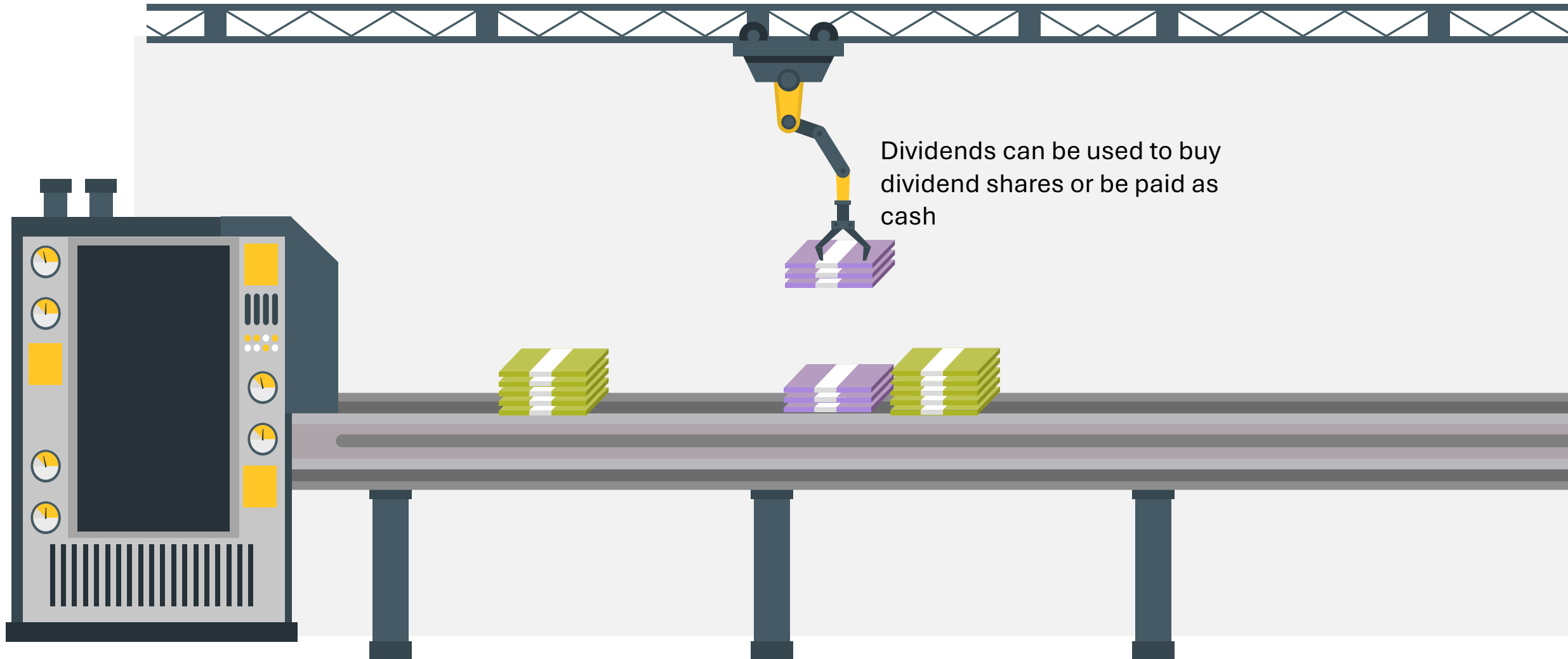
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WEALTH at work

part of the Wealth at Work group



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

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

After 3
years...



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

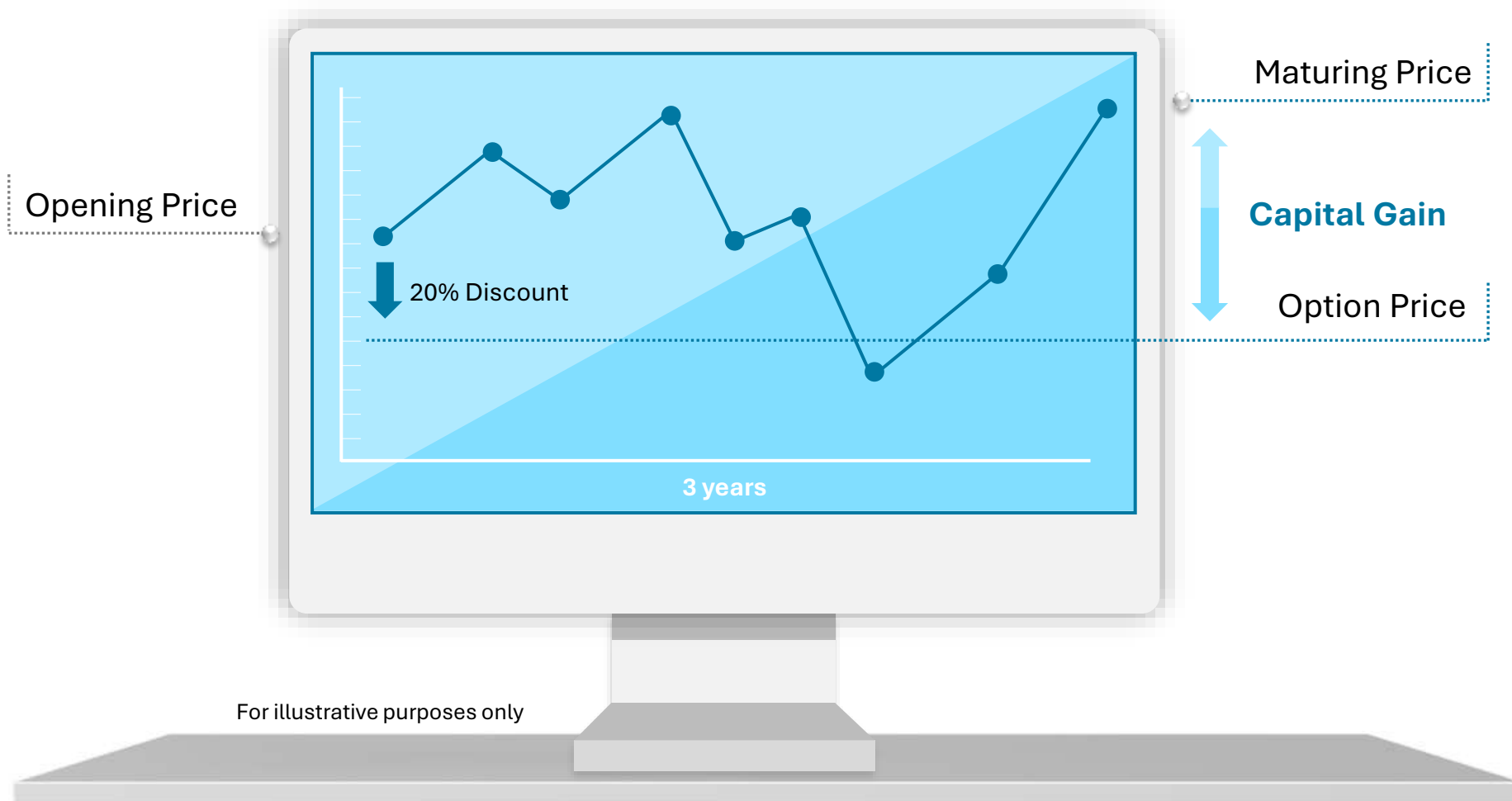
Possible tax
free bonus at
the end of the
contract

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

Share save



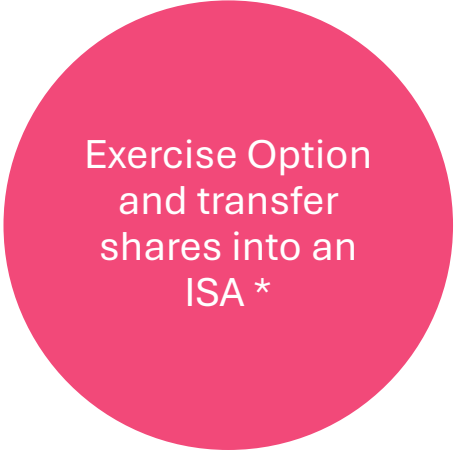
Share save options



Exercise Option
and receive
shares
immediately



Exercise Option
and sell shares
immediately



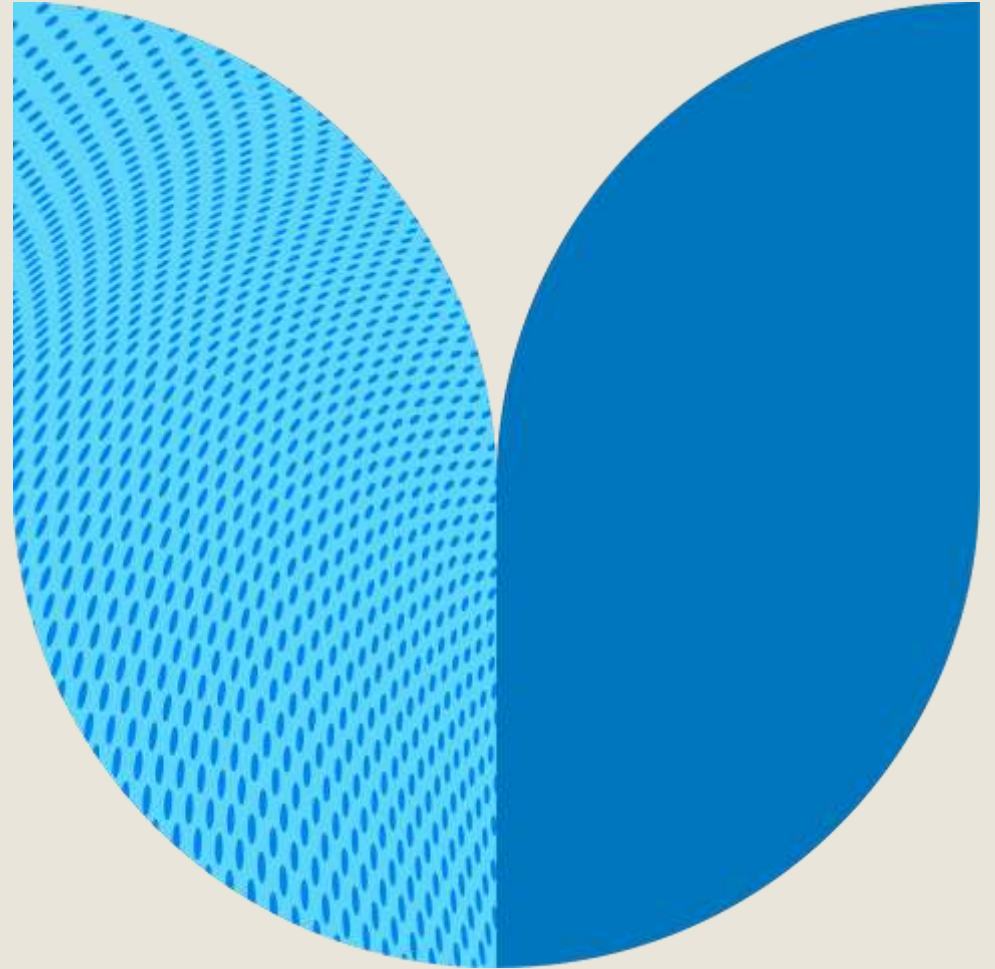
Exercise Option
and transfer
shares into an
ISA *



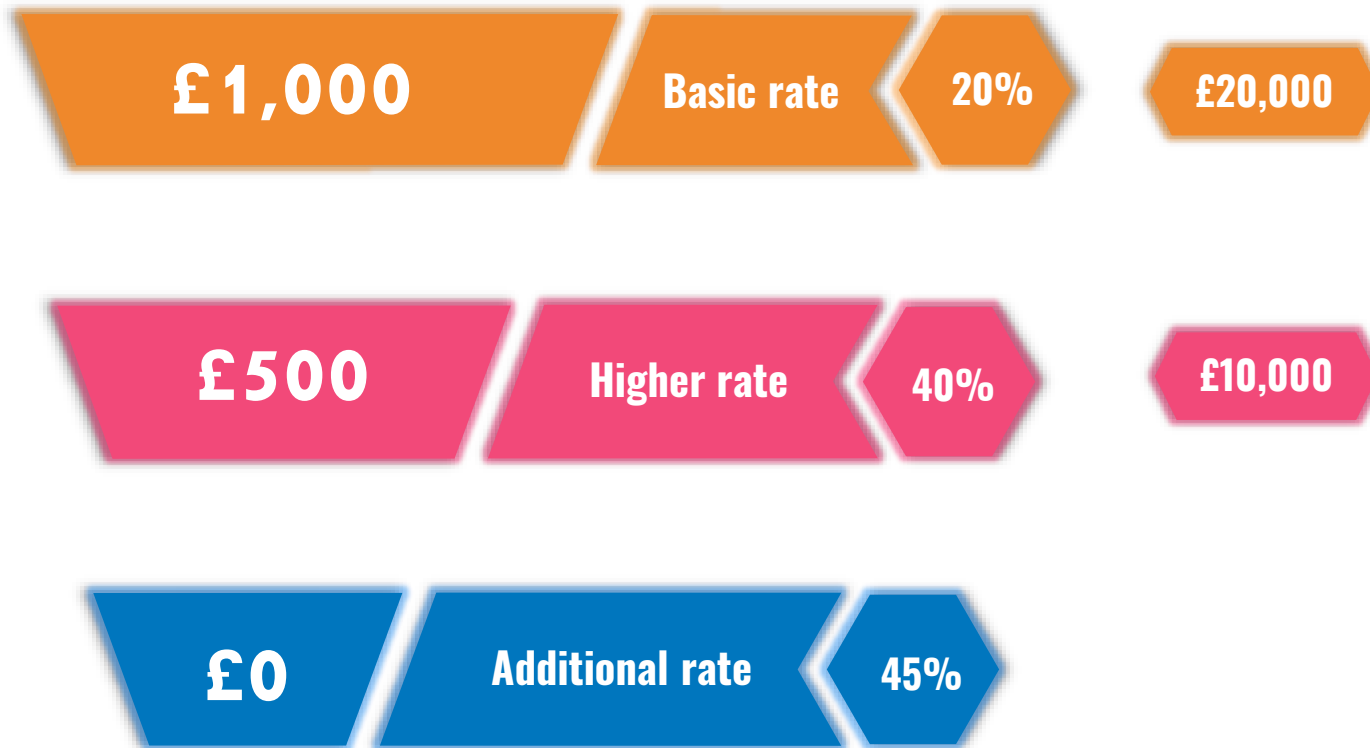
Close Share
Save account
and obtain
repayment of
savings plus
bonus (if
applicable)

*Subject to HMRC limits

Making use of tax allowances

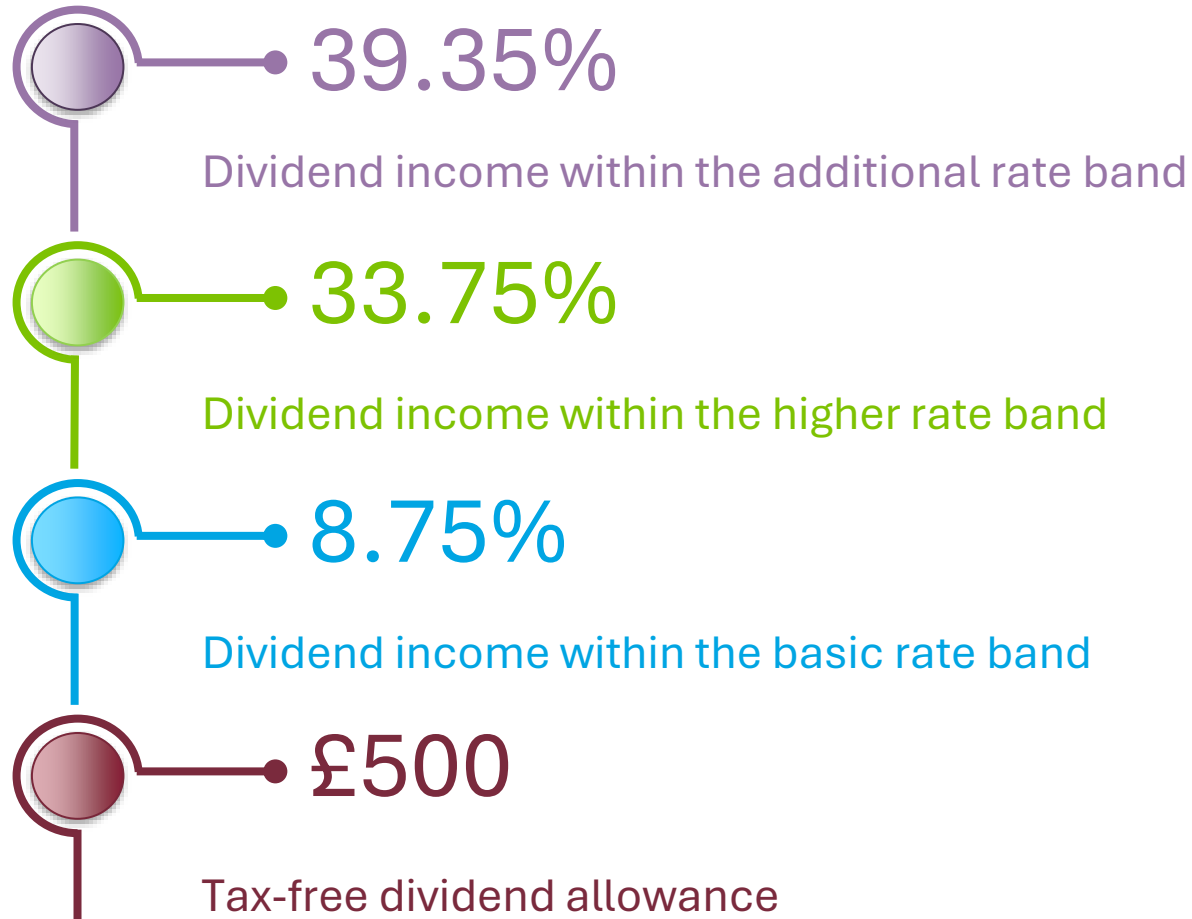


Personal savings allowance



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

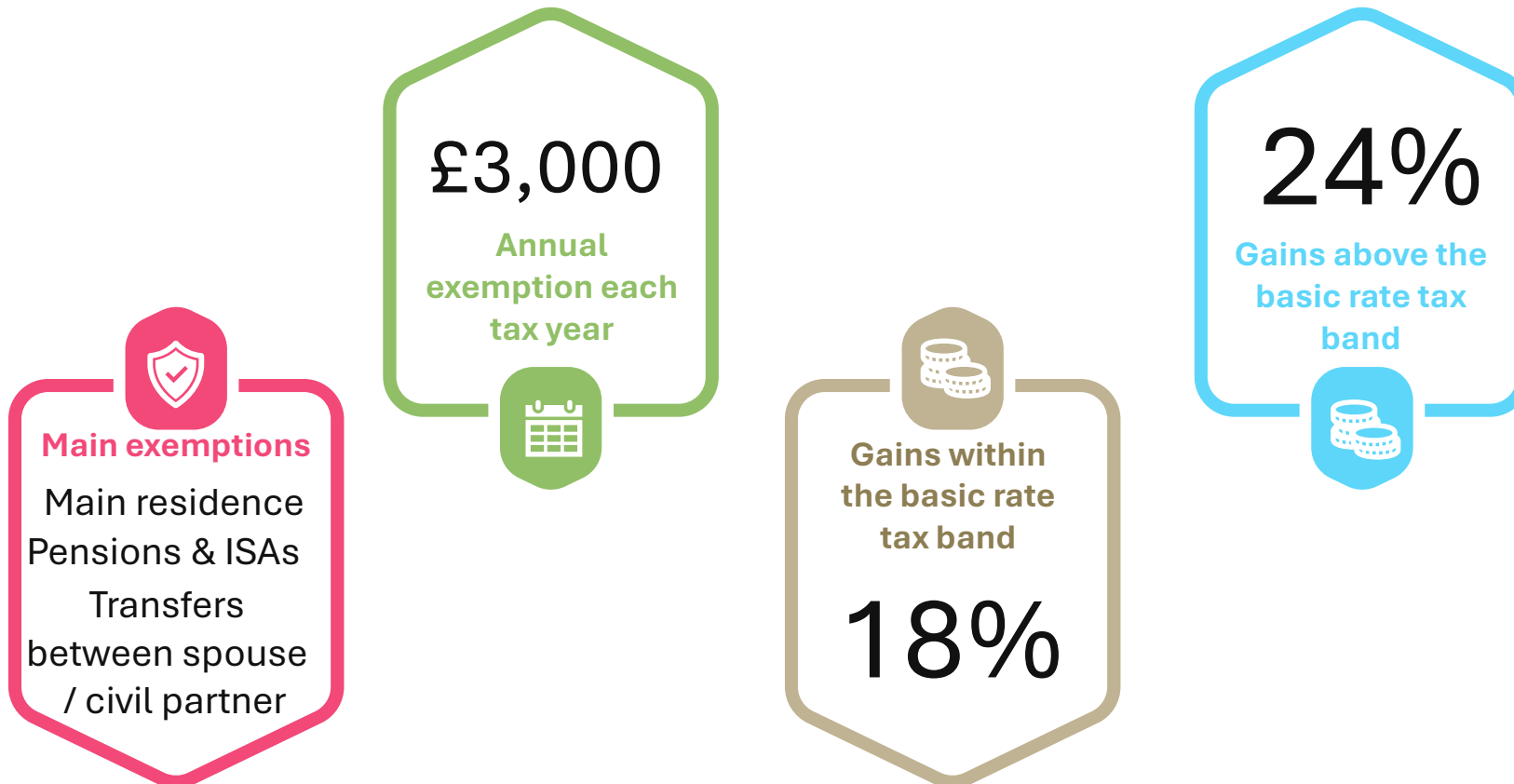
Dividend tax



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

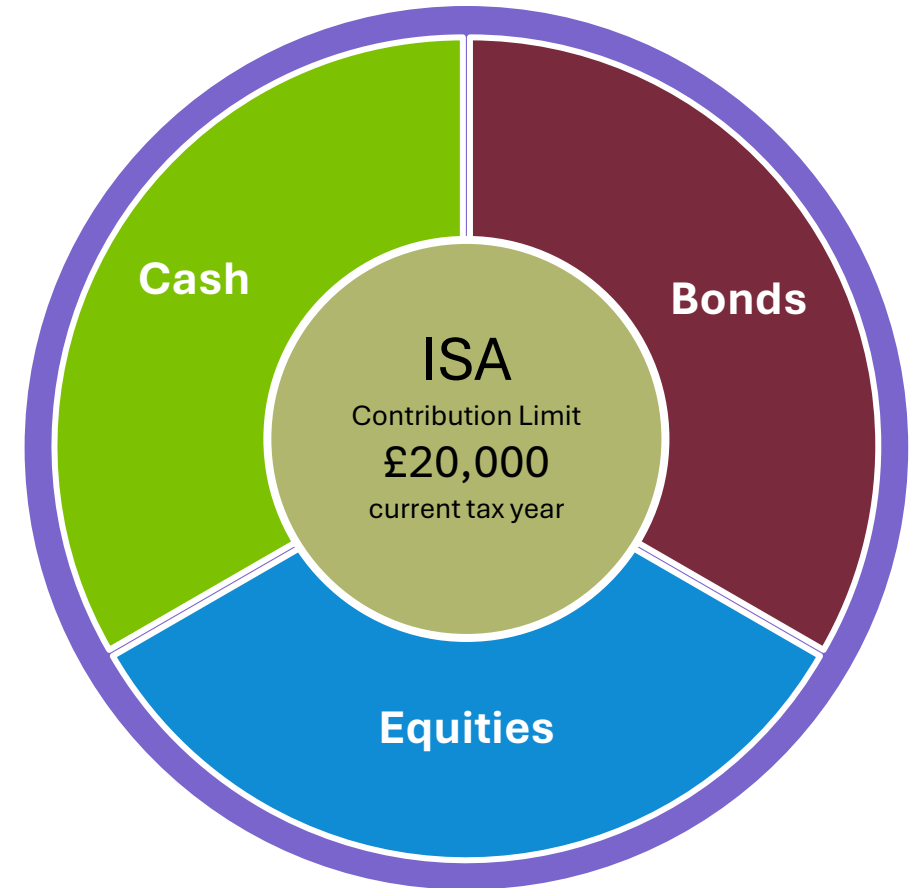
Capital gains tax (CGT)

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



Individual savings accounts (ISAs)

- An ISA protects your savings and investments 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

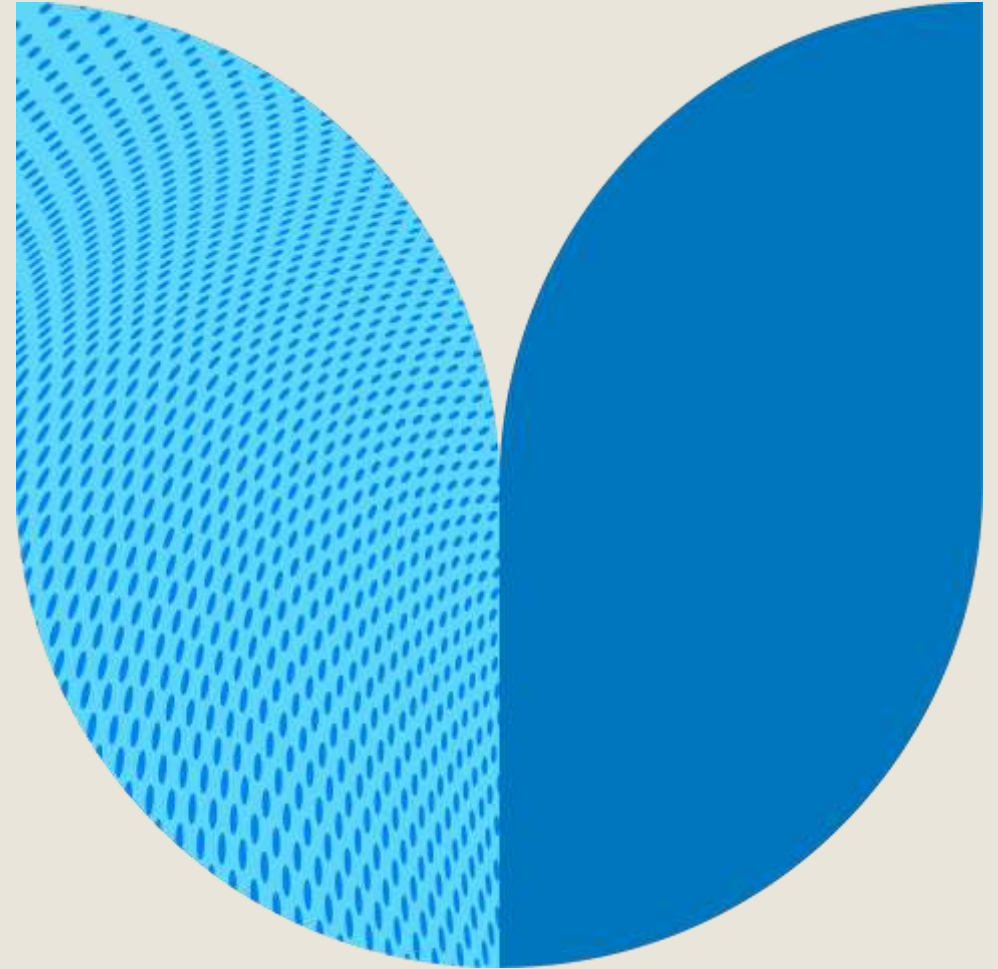
03

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



01737 230 473



lifesightsupport@willistowerswatson.com



The LifeSight Team, Willis Towers Watson,
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

We provide a telephone helpline and a regulated financial 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

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