



YOUR ANNUAL TAX ALLOWANCES

Making the most of your annual tax allowances will help you achieve your long-term financial objectives.

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Don't miss the deadline.



Retire in style

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Most of us consider retirement is in the distant future, but waiting too long can impact our ability to retire in the style we'd like.

A pension is one of the best ways to save for your retirement, yet many of us aren't aware of the benefits of investing into a pension or how much we'll need to retire.

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Things you need to know...

- The current annual pension allowance is your total salary or £60,000, whichever is the smaller amount.
- You can benefit from making personal pension contributions as the government offers a financial incentive for pension contributions. Each personal pension contribution is automatically increased by the basic rate of tax (20%).
- Higher rate taxpayers are eligible to claim an extra 20% through self-assessment and top rate taxpayers 25%.
- Your employer can take workplace pension contributions out of your gross pay before Income Tax is deducted. You not only save tax this way but also on National insurance.

- You can carry forward any of your unused pension allowances from the previous 3 tax years. If you can, you should take advantage of this.
- It is sensible to review your State Pension National Insurance contributions and pay voluntary contributions to close any gaps in contributions.
- The Lifetime Allowance (the maximum you could invest in your lifetime) was scrapped in 2023. Currently, you can only take 25% of the original Lifetime Allowance of £1,073,100 Tax Free (£268,275).
- You can't withdraw funds from your pension until you reach age 55 (increasing to 57 in 2028). After the initial tax free cash amount, you will be taxed at your current rate.
- You may want to consider subsidising your retirement with an ISA – there is a £20,000 annual investment allowance and you can withdraw funds at any time and tax free.
- If you are under the age of 40, then you are eligible to start a Lifetime ISA, which has an annual allowance of £4,000 with a 25% Government Bonus.
- You may want to think about Pension funds you've had with previous employers and consolidate them together– you may be surprised how big the accumulated pot is.

For a basic rate taxpayer, every 80p you pay into a personal pension, the government adds 20p!



Invest £100 in a pension...

Take full advantage of all the tax allowances available.

Basic rate tax payer

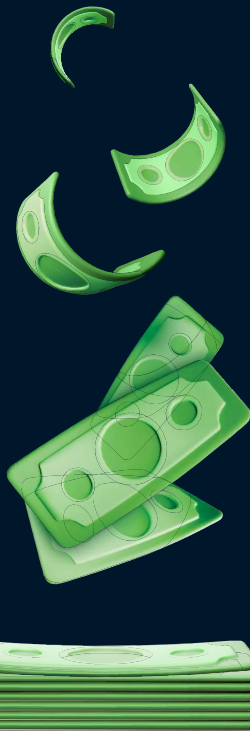
You pay £80
Tax relief £20

Higher rate tax payer

You pay £60
Tax relief £40

Top rate tax payer

You pay £55
Tax relief £45



An ISA is a great way to save for your retirement...

- You can invest a total of £20,000 into ISAs in this current tax year and can choose to invest in one ISA or across multiple accounts.
- If you have a Lifetime ISA (LISA), you have an annual allowance of £4,000 which forms part of your annual £20,000 allowance. A LISA will help you in retirement and is available if you are under the age of 39.
- Your ISA will not close at the end of the tax year. Your savings remain in place on a tax-free basis for as long as you keep your ISA accounts.
- All of the money you withdraw from your ISA, is free from tax.
- If you complete a tax return, you do not need to declare any ISA interest or gains on it.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Get in touch

We can help you to put the plans in place to achieve the retirement you want. Talk to us now.