

# BUILDING THE PENSION CONTRIBUTION JIGSAW

Pension contributions  
& annual allowance  
planning

# ELIGIBILITY

To be eligible to receive tax relief on pension contributions the individual must:

- a. Be under the age of 75
- b. Be a relevant UK individual (there are five either / or tests but broadly most individuals with UK earnings or were resident in the UK for the tax year in question qualify)

# OPTIONS

There are three routes to contribute to a pension scheme:

1. From your employer as part of your contract or a surrender of salary / bonus / compensation for a dividend waiver
2. By you personally
3. Made by you for someone else such as a grandchild

# CONTRIBUTION

There is an annual £40,000 gross pension contribution allowance.

This can be rolled forward three years, to create a four year maximum in one tax year.

Warning, this is sensitive earnings and can reduce to £4,000 if you earn over £200,000 (from all sources)

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Then consider if you should make the contribution personally, by your employer, or at all.

Employer - (including your own their limited company) contributions are ordinarily fully relieviable against corporation tax.

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Employee/self-employed this reduces your earned income but don't forget to claim your higher rate tax relief as this is not automatic!

If unemployed or income above £3,600 your pension contributions for tax relief purposes are limited to £3,600.

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Significant planning opportunities

Salary sacrifice, for those earning between £100,000 to £125,000pa can trigger over 60% tax relief!

For earners of £180,000 and above, consider making no pension contributions one year then £80,000 the next as salary sacrifice. This maximises tax relief over both years .



# thank you for listening!

“The secret of getting ahead is getting started”

Mark Twain



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