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PENSIONS UPDATE
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As you may be aware the current pension regime is changing after 5th April, 2015, and whilst the new rules are supposed to aid flexibility and choice they will undoubtedly be more complex – and as yet are not fully known! One thing is likely though, the current tax relief enjoyed by higher rate tax payers will change.
So, if you are a 40% rate taxpayer, it is likely that in the future you will get a lower "flat rate" of tax relief.

In this current (2014/15) tax year you can contribute up to 100% of your "relevant earnings" – and get tax relief up to a maximum (annual allowance) of £40,000 [previously £50,000 p.a.].

Providing you have been a member of a registered pension scheme in the previous years, you are also able to carry forward to the current year any unused balance of annual allowance from the past 3-years.
This will enable you to contribute an amount in excess of your relevant earnings amount (up to the amount of the total unused allowances), without incurring a tax charge.
However, the first thing you need to know is what is your "pension input period", as if this is not the same as the fiscal year (5th April) then the calculation of unused relief will be more complex.

So, in a simple example, assuming the pension input period of your scheme runs to 5th April, in the current (2014/15) year, and you have relevant earnings of £50,000 - you could make a contribution of up to the maximum annual allowance (£40,000) and get full tax relief. Whilst , if you have relevant earnings of £30,000 then you could make a contribution of up to £30,000 (being lower than the maximum annual allowance) and get full tax relief.
If for example, in the previous tax year (when the annual allowance was set at £50,000) your earnings were say £55,000, but you only contributed £10,000 to your pension scheme, then you would have unused allowances to bring forward of £40,000 (i.e. £50,000 maximum annual allowance less contribution made £10,000).

So as in the previous example if you had relevant earnings this year of £50,000, unused allowances brought forward of £40,000 (**and money available**) you could contribute up to £80,000 without incurring any tax charge, and get tax relief on £50,000.
If you have no relevant earnings, or earnings of less than £3,600 you can still make a minimum gross contribution of £3600 this tax year.
Be aware of contributing more than you are entitled to: - (where your contributions exceed the annual allowance or your net relevant earnings). This can be an easy trap for directors of owner managed companies, where they take a minimal salary and periodic dividends. Dividends (and other investment income) do not count as relevant earnings.

If you are in a position to make an additional pension payment before 5th April next, and you have unused allowances brought forward, then we recommend you contact your Financial Adviser/Pensions Adviser and discuss with them what it would be best to do.
Please take advice from your pension adviser about how the future changes from 6/4/15 will affect your contributions and your benefits: - i.e. what can you take out of your pension in the future, how will this now be taxed , and when?

Pension matters are complex: you should seek further professional advice before taking any action on the basis of the contents of this newsletter.