

10 July 2015

CIPFA / MyCSP Budget Update



Budget 2015 - update

Tapered Annual Allowance

The Chancellor announced that the Annual Allowance will reduce for those earning over £150,000 p.a. (including their own and employer pension contributions) and for those earning over £110,000 p.a. (excluding pension contributions):

- The standard Annual Allowance of £40,000 a year will reduce at the rate of £1 for every additional £2 of income between £150,000 and £210,000;
- For anyone earning over £210,000 (including pension contributions) the allowance will be £10,000.

Around 300,000 individuals could be affected, including senior staff in local and central government, health and policing.

Budget 2015 - update

Pension Input periods – “PIPs”

- All PIPs open on 8th July 2015 have been deemed to end on 8th July 2015, with a new PIP commencing on 9th July 2015 running to 5th April 2016.
- For 2015/16 everyone will have an overall Annual Allowance of £80,000, with up to £40,000 of this available for utilisation in the new mini-PIP starting 9th July.
- *Determining exactly how this works at an individual level for senior management will not be easy!*
- *Individuals concerned are likely to need support in doing so.*

Budget 2015 – Update

LTA

The reduction in the Lifetime Allowance from £1.25m to £1m has been confirmed. Anyone retiring with a pension of more than £50,000 a year (or a pension of £43,478 and lump sum of £130,434) could face a 55% tax charge.

From E.E.T. to T.E.E.?

The Chancellor has published a consultation on reforming pensions tax relief. Measures to be considered include a Taxed-Exempt-Exempt approach with a Government top-up on contributions.

WATCH THIS SPACE!

Limitations of use

These slides are for the personal use of those attending a presentation on Pensions Tax delivered by or on behalf of CIPFA or MyCSP Limited. The slides remain the property of CIPFA / MyCSP and must not be shared, copied or distributed without our prior written consent.

While every effort has been made to ensure that the contents of these slides is correct, nothing in them is intended to amount to advice on which reliance should be placed. CIPFA and MyCSP Limited therefore, to the maximum extent permitted by law, disclaims all liability and responsibility arising from any reliance placed on the information contained in these slides by anyone who may be informed of their contents.