

## Grayside Financial Services

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GRAYSIDE  
FINANCIAL SERVICES

# Retirement matters

No further radical changes announced to the private pensions system

Chancellor George Osborne announced a rate of £155.65 for the new flat-rate State Pension. For someone working full-time today, it's approximately 60% of the Living Wage.

For the first time in this Parliament, Mr Osborne did not announce any further radical changes to the private pensions system, giving the Treasury more time to digest the Green Paper consultation from the summer Budget.

From 2016/17, a tapered reduction to the amount of the annual allowance of £40,000 is to be introduced for individuals with adjusted income of over £150,000. Adjusted income includes the value of any employer pension contributions in order to prevent avoidance via the use of salary sacrifice arrangements.

The annual allowance of £40,000 will be reduced by £1 for every £2 that adjusted income exceeds £150,000, down to a minimum annual allowance of £10,000. Therefore, anyone with adjusted income of £210,000 or more will only receive the £10,000 minimum.

## YOUR PENSION CONTRIBUTION LIMITS FOR THE CURRENT TAX YEAR 2015/16

- You can contribute as much as you earn in a year, up to £40,000 a year
- You can also use HM Revenue & Customs' 'carry forward' rules to use the past three years' pension contribution limits, if you haven't already
- Once you start drawing from your pension, your annual limit reduced to £10,000
- The lifetime pension limit is reducing from £1.25m to £1m next year
- The lifetime allowance applies to the total funds that can be built up within your pension arrangements, and there will be

a tax charge should you subsequently withdraw the funds in the form of a pension that exceeds this limit.

## ARE YOUR FINANCIAL PLANS STILL ON TRACK AFTER BUDGET 2015?

There may have been a number of key announcements in Budget 2015 that will impact on your financial plans. If you would like to review your current situation to ensure that your plans are still on track, please contact us.

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