

# Pension Tax Limits

## ANNUAL ALLOWANCE

For most people the limit on total pension savings which benefit from tax relief is £60,000 per tax year. This limit is known as the annual allowance.

This means that should both employee and employer pension contributions fall below £60,000 per tax year, you will qualify for tax relief on those contributions. Any contributions over £60,000 will be subject to tax; however, you can roll over any unused annual allowance from the previous three tax years. If you would like to know how much of the annual allowance you have used up through contributing to the MMC UK Pension Fund (the Fund), please log into your **OneView** account to find the details. Should you have exceeded your annual allowance please refer to our **Scheme Pays** document for the options on how to pay your tax charge.



## TAPERED ANNUAL ALLOWANCE

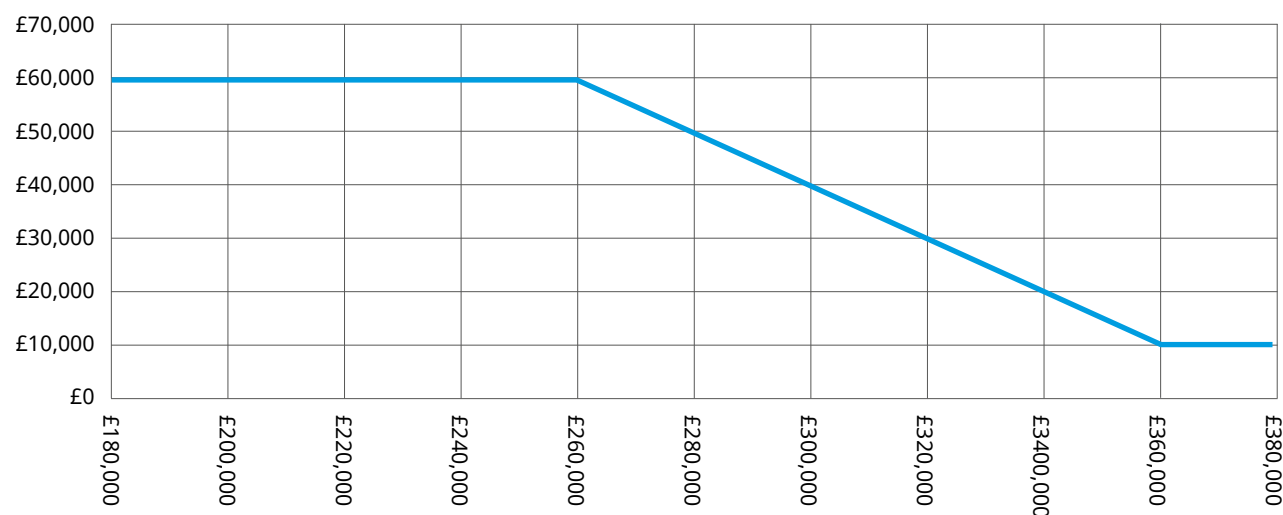
If you are a higher earner, i.e. you have a Threshold Income exceeding £200,000 and an Adjusted Income above £260,000, there is a "Tapered Annual Allowance" which means the Annual Allowance reduces on a sliding scale depending on your Adjusted Income to as low as £10,000.

■ **Threshold Income:** Broadly UK taxable income, including employment (e.g. salary, cash bonus, taxable benefits like car or medical plans) and from other sources, for example, rental property income, pensions in payment, savings and dividend income.

■ **Adjusted Income:** Broadly total UK taxable income (i.e. Threshold Income) plus the value of your pension contributions made in the year (including those made by your employer) and the value of any Defined Benefit pension accrual.

Please visit the [government website](#) for more information about the tapered annual allowance.

### REDUCTION IN TAPERED ANNUAL ALLOWANCE BY ADJUSTED INCOME



## MONEY PURCHASE ANNUAL ALLOWANCE

Should you have flexibly accessed your defined contribution (also known as money purchase benefits) your annual allowance is reduced to £10,000 per tax year. Further information on this can be found on the **government website**.

## OPTION FOR THOSE IMPACTED BY THE ANNUAL ALLOWANCES

If you are impacted by any of the annual allowances the Company has the following option available to colleagues to help manage this. This is known as the Partial Member Option. Under this option you can select to pay pension contributions between £1 and £5,000 per month to the Fund. Instead of receiving company pension contributions, you receive a Non Pensionable Salary Supplement (NPSS) of 10.5% of Pensionable Salary, which is base salary capped at £250,000 per year. The NPSS is subject to deductions for your National Insurance contributions and income tax.

To select the partial member option please log into **Prosper** during the monthly window, which is open from 1st to 20th of each month, and choose the 'MMC UK Pension Fund – Partial Member' tile in the benefit page. The selection will be effective from the 1st of the following month. It is visible to select for those with a base salary over £180,000 per year; however, if you are impacted and your salary is under this please contact us directly at **UKIBenefits@mmc.com** and the benefit will be made available to you for selection.

## INDEPENDENT FINANCIAL ADVICE

The Company is unable to offer financial advice; however it is recommended that you seek regulated financial advice. The **MoneyHelper website** can help with finding the best advisor for you. You can also contact the Mercer Private Wealth team **here** for regulated financial advice.

Should you have any questions on the information in this leaflet please contact us at **UKIBenefits@mmc.com**.

