



PRESS RELEASE

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HIGH EARNERS LIKELY TO FALL FOUL OF NEW PENSION RULES

High earners are likely to be confused by new pension rules following the announcement in the Budget that, from 6 April 2011, tax relief on pension contributions will be restricted for those with 'relevant income' of £150,000 or more.

Towry Law, the Private and Corporate Wealth Advisers, argues this is not as simple as it sounds. Whether and how new rules apply is not based on just annual salary, but on a calculation of total income in both the current and previous tax years and on existing pension arrangements.

Towry Law urges all those earning in excess of £100,000 per annum to review their pension arrangements in light of the Budget announcements.

John Richardson, Head of Technical Planning, Towry Law, said:

"These new rules are complex and there is a real danger than many people will not understand them. Anyone with annual income over £100,000 should take pension advice as a matter of priority. For example, some of these people may be able to benefit from effective tax relief of 60% when making a pension contribution.

"While the Government has said that 2011 is when pension tax relief could be restricted, they have also introduced new rules which are designed to prevent effective tax planning ahead of this start date. So the wrong decisions made now will have an adverse effect on retirement planning.

"In many cases it is not clear whether people are affected by the new rules. So, as a first step, high earners need to find out whether the new rules apply to them and if existing pension arrangements are protected.

"It is only when this is established that decisions can be made on whether to increase, retain or decrease pension contributions and if more focus needs to be given to other investments as part of an overall financial plan."

