

PENSION TOP-UPS TAKE ADVICE BEFORE 5 APRIL 2026

As the tax year draws to a close on 5 April 2026, this is a timely reminder to review your pension contributions and consider whether a top up before the year end would be beneficial. Pension contributions remain one of the most tax-efficient ways to save for the future and unused allowances are lost once the tax year ends.

WHY REVIEWING CONTRIBUTIONS NOW MATTERS

Contributions paid into a registered pension scheme before 5 April can attract income tax relief, subject to the relevant limits. In simple terms, the government adds tax relief to your contribution, increasing the amount invested for your retirement. Higher and additional rate taxpayers may be able to claim further relief through Self-Assessment.

Making or increasing contributions before the year end can also help manage taxable income, which may be particularly relevant where income is close to higher tax thresholds or where personal allowances are being restricted.

CURRENT CONTRIBUTION LIMITS

For the 2025–26 tax year, the standard annual allowance is £60,000. This is the total amount that can be contributed across all pension schemes, including both personal and employer contributions, while still benefiting from tax relief. Contributions are also limited to 100 per cent of your relevant UK earnings.

Where earnings are low or nil, personal contributions of up to £3,600 gross can still qualify for tax relief.

Higher earners should note that the annual allowance may be reduced under the tapered annual allowance rules, potentially to as little as £10,000. Those who have already accessed flexible pension benefits may also be subject to the money purchase annual allowance of £10,000.

EMPLOYER CONTRIBUTIONS AND COMPANY PLANNING

Employer pension contributions can be particularly attractive. For directors and owner-managed businesses, company contributions are often more tax-efficient than personal contributions. They are usually deductible for Corporation Tax purposes and do not attract employer or employee National Insurance contributions, provided they are made wholly and exclusively for the purposes of the business.

Employer contributions also count towards the annual allowance, but they are not limited by the individual's level of earnings in the same way as personal contributions. This can make them a valuable planning tool where profits allow.



LOOKING AHEAD TO POSSIBLE CHANGES

While current rules remain generous, there has been ongoing discussion in policy circles about whether higher rate tax relief on pension contributions could be restricted in future years. No changes have been announced, but this uncertainty reinforces the value of reviewing contributions now and making use of existing reliefs where appropriate.

If you would like to review your pension position or discuss whether additional personal or employer contributions before 5 April would be appropriate, please get in touch. We would be happy to look at this as part of your wider tax planning reviews. Call us on **01753 888 211** or email info@nhllp.com, we are here to help.

If you feel this alert could help a business colleague or family member, please feel free to share it with them.