

Press release

Higher rate tax relief – use it before you lose it

1 March 2010

A J Bell today encourages savers to plan their pension contributions to ensure that they benefit from higher rate tax relief whilst it is still available.

The Government announced, in the 2009 Budget, their intention to introduce measures to reduce the tax relief on pension contributions available for those earning more than £150,000 per annum.

Andy Bell, Chief Executive and Actuary at A J Bell comments, “The anti-forestalling rules create a clear incentive for higher earners, or those who may soon be, to contribute to their pension schemes now before tax relief is restricted further in 2011. The vast majority of people who are going to be caught under the post-2011 regime would be well served to maximise their tax relief by contributing £20,000 to their pension schemes.”

Billy Mackay, Marketing Director at A J Bell comments, “As we approach the end of the current tax year it is important for pension savers to remember that higher rate tax relief is available on pension contributions. For some, this will not always be the case and it is important that they take advantage of this use it or lose it opportunity without being confused by the complexity of the Government’s new rules. It is also worth remembering that delaying contributions can significantly reduce the fund available at retirement.”

John Smith is 40 years old, earns £180,000 and makes a net contribution of £16,000 (gross £20,000) to a SIPP in each of the current and next tax years. John gains higher rate tax relief on both payments and so the net cost to him is just £22,000. At 65 his SIPP is worth £152,900.

If John waits until 2011/2012 to make a net contribution of £32,000 (gross £40,000) he doesn’t gain higher rate tax relief and so the net cost to him is £32,000. At 65 his SIPP is worth £140,700.

If John waits until after 2011 to make his contribution he has a SIPP that is worth £12,200 less than if he had made the contributions before 2011, a reduction of 8% in value. The net additional cost to him is £10,000.

The above figures are based on the following information:

Male, single life with a retirement age 65. A projected investment growth of 7% and investment charges of 1% initial and 1.25% p.a. of the fund value. These figures are for example purposes only and are not guaranteed. The value of investments held within a SIPP is not guaranteed and may go down as well as up. In addition the tax treatments of SIPPs may change.

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Please note this document is intended for trade and national press individuals.

Notes for Editors

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A J Bell is continuing to grow rapidly in challenging capital markets. Invesco Perpetual and Midas Capital own 23% and 15% respectively of the share capital, the remainder being owned by Andy Bell and the management team.

Established in 1995, A J Bell specialises in providing administration, trustee and actuarial services for SIPP and SSAS.

A J Bell is now the largest privately owned provider of self administered pensions and institutional stockbroker services in the UK, with in excess of 40,200 individual SIPPs and assets under administration exceeding £11.2bn. It also provides third party SIPP administration services for Barclays Stockbrokers, Halifax Share Dealing, Skandia and E*Trade.

Our customer proposition - Market leading, low cost, transparent, service, value, choice, leading functionality, integrity, award winning.

Our business - Market leaders, growing, innovative, own intellectual property, profitable, stable, we don't provide advice or investment management.

Research by CoreData Research places Sippcentre alongside Standard Life as advisers' two most preferred SIPPs.



A J Bell includes A J Bell Holdings Limited and its wholly owned subsidiaries A J Bell Management Limited, A J Bell Limited and A J Bell Securities Limited.

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The companies listed in the adjacent table are all registered in England and Wales at Trafford House, Chester Road, Manchester M32 0RS.

Company	Company Number	VAT Number
A J Bell Holdings Limited	4503206	833 5478 13
A J Bell Management Limited	3948391	759 3531 03
A J Bell Limited	3091664	639 0316 44
A J Bell Securities Limited	2723420	918 4226 21