

## Press release

# Pension investors and advisers at one regarding tax relief incentives

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Investors and advisers still think the Government's pensions proposals are too complicated, according to new research released today by low cost SIPP provider A J Bell.

Friday (27th August) is the deadline for industry feedback to the Government's plans to review pensions tax relief as an incentive.





The Government is proposing to cap the annual pensions allowance at £40,000 (currently £255,000 subject to eligibility) and reduce tax relief to a maximum of up to 40% (currently up to 50%). But it is also proposing to apply a complex layer of charges on excess contributions over the annual allowance which can ultimately bring the tax relief to 0% on the excess.

Billy Mackay, Marketing Director at A J Bell comments: "This was a very significant survey involving hundreds of investors and advisers across the country. The results revealed that by far the most popular choice for both groups was a simpler model with a reduced annual allowance of £35,000, tax relief at the client's marginal rate and a simple, flat charge of 40% on all contributions above this allowance. More than half of respondents supported this option."

Mackay continues: "The government proposal of a £40,000 annual allowance, tax relief limited to 40% and the annual allowance charge set according to income still left many dissatisfied, with only around a quarter of clients and advisers preferring this choice. The survey highlighted too what most of us suspected – that the taper system proposed by the last Government was universally reviled!"

Mackay concludes: "Investors and advisers alike want a simple and sustainable system and are even prepared to sacrifice an element of the annual allowance to pay for it."

### The research involved responses from 580 investors and 300 advisers.

When considering the balance between fairness and simplicity, which of the following options would you prefer to see the Government introduce?			Investors	Advisers
1	The Government proposal of an annual limit on contributions of £40,000 with tax relief granted at a maximum of 40% and the annual allowance charge set at varying rates depending on income		28.2%	23.6%
2	A J Bell's suggestion of an annual limit on contributions of £35,000 with tax relief granted at the highest available rate for everyone and the annual allowance charge set at 40% for all		55.1%	58.5%
3	The existing taper system		3.3%	1%
4	Other		13.5%	16.9%

**END**

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

#### Notes for Editors

Pictures available by contacting [kirsty.zollinger@ajbell.co.uk](mailto:kirsty.zollinger@ajbell.co.uk).