

How to pay a lump sum pension contribution and make the most of your tax allowance

Generally speaking, you can pay into your company pension plan the equivalent of your annual salary each year (or up to £3,600 if that's more) and still get tax relief.

However, the government imposes an 'annual allowance' which is the maximum amount you and your employer can pay in any one year before incurring a tax charge.

- If your income is less than £200,000 a year, your annual allowance will be £60,000
- If your income is over £200,000 a year and your pension contributions keep you under £260,000, your annual allowance will be £60,000
- If your income is over £200,000 a year and your pension contributions take you over £260,000, you will have a reduced (tapered) annual allowance. For every £2 your income goes over £260,000, your annual allowance drops by £1. The drop is limited so that the minimum tapered annual allowance you can have is £10,000
- If your income is over £360,000, including pension contributions, your annual allowance will be £10,000

It's worth noting that you may also be able to carry forward any unused annual allowance from the previous three tax years.

If you exceed the annual allowance, you will be taxed on the surplus at your marginal rate.

When you start to access your pension savings, the amount you can pay into your pension (your 'money purchase annual allowance') may be reduced to £10,000. This will depend on how you take your money. Unused money purchase annual allowance may not be carried forward.

The annual allowance includes the value of any accrued benefits under a defined benefit scheme. If you think you may exceed the annual allowance, you may wish to consult a financial adviser. You'll find a list of advisers at [unbiased.co.uk](https://www.unbiased.co.uk). Financial advisers will normally charge for their services. You may be able to pay for financial advice directly from your pension plan.

You can use HMRC's online [annual allowance calculator](#) to check if you have to pay tax on your pension savings, or if you have any unused annual allowances that you can carry forward. For more information on the annual allowance, please visit the [Gov.uk](https://www.gov.uk) website.

If you make a lump sum contribution, it will be invested in the same fund as either your existing single or regular contributions. If you wish to switch funds, then you can do this via our online account management facility which you will find at [legalandgeneral.com/mya](https://www.legalandgeneral.com/mya). You can also find your contribution history. If you haven't already registered, all you need is your pension plan number.

See overleaf for payment options.

Payment options

If you make a payment by BACS or CHAPS, please send an accompanying email to mysinglepremium@landg.com including your plan number and full details of your payment.

Please note, whichever method you choose, your money needs to be in our account by the last day of the applicable tax year in order for it to be treated as a contribution paid in that year.

Payroll

You can submit a payment through your company along with your regular contribution. Please contact either your payroll department or the area responsible for making your monthly contributions to us.

BACS

If you choose to use your bank's automated clearing system, please check how long it takes. For some banks and building societies it could be as much as five days (see 'Our bank details' opposite).

CHAPS

Payment by CHAPS is immediate but your bank or building society may charge you for it (see 'Our bank details' opposite).

Cheque

Please make your cheque payable to **Legal & General Assurance Society Limited** and send it with a covering letter quoting your plan number, full name and date of birth to:

Legal & General
Workplace DC Pensions
PO Box 1560
Peterborough
PE1 9AP

Our bank details

Bank: **Barclays Bank plc**

Sort code: **20-19-90**

Account no.: **40820199**

Reference: Your **plan number** (beginning with a 2) followed by as much of your surname as will fit.

For example: **2644829123-Butler-Jon** (e.g. Butler-Jones).

Please take care to quote your plan number accurately. If we're unable to locate your plan, we may need to return the contribution to your bank account.

To protect you and Legal & General from financial crime, we always confirm the identity of our customers before accepting any instructions and may contact you for further information. Failure to comply with these checks may result in your money being returned to your bank account without being allocated to your plan.

Contact us

We hope you find this document useful. If you have any more questions you can:

Call **0345 070 8686** (call charges will vary and we may record and monitor calls).

Email employerdedicatedteam@landg.com

Or write to: Legal & General, Workplace DC Pensions, PO Box 1560, Peterborough, PE1 9AP.