

Time to boost your retirement fund

Maximise your pension planning before the end of the 2025/26 tax year

As the 2025/26 tax year ends on 5 April, now is the right time to review your pension arrangements and ensure you're maximising all available allowances. Taking proactive steps in pension planning now can help you secure valuable tax relief, boost your retirement fund and prepare for the future. Acting quickly allows you to fully utilise the rules before the new tax year begins, ensuring you don't miss out on potential benefits.

Recent economic and political events have emphasised the importance of practical pension contributions and understanding relevant limits. Although the broader tax landscape has seen minor changes, adjustments to thresholds and regulations affecting pensions can significantly influence your long-term retirement plans. With the deadline approaching, it is crucial to make any final top-ups to your pension while you still can.

REVIEWING PENSION ALLOWANCES AND TAX RELIEF

Pension contributions remain one of the most tax-efficient methods to save for retirement. Contributions receive tax relief at your marginal rate, making each pound you invest work harder for your future. As the tax year concludes, review your contributions against your annual allowance to ensure you do not miss out on this valuable relief.

An annual allowance limits how much someone can pay into pension schemes each year before incurring Income Tax. In 2025/26, individuals can contribute up to £60,000 into pension schemes without paying Income Tax. Typically, tax relief is not available for pension contributions above an individual's earnings. However, individuals can still contribute up to £3,600 annually, including tax relief, even if their earnings are below this amount.

MAXIMISE YOUR CONTRIBUTIONS FOR THIS YEAR

The annual allowance is tapered for higher earners. It decreases by £1 for every £2 earned above £260,000 (including pension contributions), and tapering ends when the allowance reaches £10,000.

In defined contribution pension schemes, individuals accumulate a retirement savings pot.

In certain situations, if someone withdraws money from a defined contribution scheme, the amount they can contribute to these schemes in the future while still receiving tax relief is permanently reduced. The lower limit, known as the Money Purchase Annual Allowance, is set at £10,000 per year. For those with variable incomes, it is advisable to consider whether carry-forward rules on pension allowances can help you maximise contributions this year.

LAST CHANCE FOR PENSION PLANNING OPPORTUNITIES

The end of the tax year is a crucial time to make extra pension contributions if you can afford them. Even small additional payments can receive immediate tax relief, providing a smart boost to your retirement savings. For higher and additional rate taxpayers, claiming the full amount of tax relief could make a significant difference.

Review salary sacrifice arrangements and confirm that contributions are processed before the end of the tax year. This is especially important given recent updates from the Autumn Budget 2025, which introduced a £2,000 cap on salary-sacrificed earnings sheltered from National Insurance contributions from April 2029. Planning ahead will help you maximise the current rules before they change.

As the 2025/26 tax year ends on 5 April, keeping your pension planning current remains one of the most effective ways to secure your retirement. Maximising contributions, using available allowances and understanding any rule changes can protect and grow your savings for the future. ■

TIME TO MAKE WELL-INFORMED DECISIONS FOR YOUR FUTURE RETIREMENT PLANS?

For personalised guidance on your pension plans, we'll assist you in making confident and well-informed decisions about your future. To learn more, please contact us.

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