February 2020

Get comfortable with pensions tax

My Tax Guide for the
J.P. Morgan UK Pension Plan

J.P. Morgan UK Pension Plan
Your future. Your choice.

next »

Contents

Please ensure you have read and understood the Important notes on page 5 before using this tax guide.

Welcome

This guide aims to help you understand how your savings in the J.P. Morgan UK Pension Plan (the Plan) might be affected by current UK pension taxation legislation.

You can:

1 **Read an overview of how UK pension savings are limited through the Annual Allowance (AA) and Lifetime Allowance (LTA)**

2 **Understand how these pension limits might apply to your personal circumstances**

3 **Work out if you are affected by these limits and, if so, the taxes that might apply and how to take action**

4 **Get help with your future pension planning, including understanding the ways you can mitigate the impact of pension tax**

5 **Find out what additional support is available (see Contacts and other help available)**

Important

If you are affected by UK pensions tax, this guide will also help you:

- calculate any additional tax liability due, and
- understand your options for paying your tax charge (including the process to be followed and the relevant statutory and Plan deadlines)

How to use this guide

There are three ways to find the information that is relevant to you, depending on your personal circumstances and how much you already know about pension tax.

You can start with either the:

1. Contents page

For a full overview of all the topics in this guide.

2. ‘Am I affected by the AA?’ flowchart

Which links to information by setting out the steps you need to take to work out your tax position.

3. FAQs section

Which groups topics, and links to more detail, by question.

Key

When reading this Tax Guide, keep an eye out for:

Action

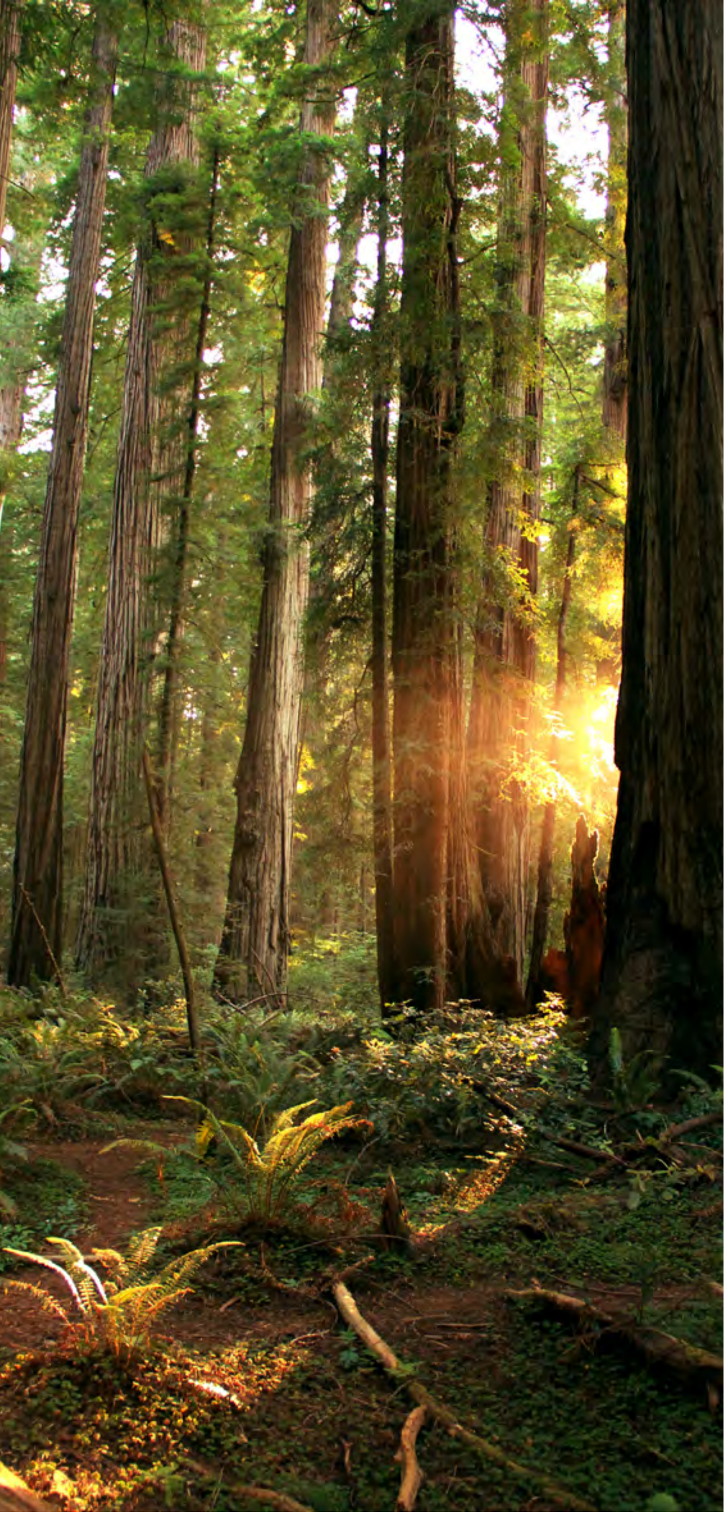
Indicate actions you may wish to take

Important

Contain important information about pension taxation

Info

Provide additional supporting information that you may find useful



Important notes

Important notes

1 Neither J.P. Morgan (the Company) nor the Trustee of the Plan are responsible for ensuring that any Annual Allowance tax charges are paid – this responsibility lies with you.

2 Neither the Company nor the Trustee of the Plan are able to give you tax advice. You are responsible for obtaining your own tax advice.

3 This guide has been prepared as a general guide to pensions tax, and you should not seek to rely upon it in place of obtaining your own specialist tax advice on your specific circumstances. Neither J.P. Morgan nor the Trustee accept any liability for any reliance you place upon this guide.

4 We strongly recommend that you get impartial financial advice and/or tax advice before making any important decisions about your pension arrangements.

5 It is recommended that you consider pension tax charges together with other taxes that may apply (e.g. income tax), and review your overall position.

6 The information in this guide is based on the pension taxation legislation in place at the date of this guide. This may change in the future. In addition, the relevant UK tax rules are complex and there could be special circumstances in which the position differs from that set out in the guide.

7 If you have been working overseas since April 2016 (when the Tapered Annual Allowance, which is linked to your UK taxable income, was introduced) you may need to seek specialist advice to understand your UK tax position. Before reading the rest of this guide, you should read the summary information in the 'What if I work/have worked Overseas' section of this guide to better understand the implications that working outside of the UK may have on your Tapered Annual Allowance.

The Annual Allowance (AA)

The AA is the amount of tax-efficient pension savings that can be made to a UK registered pension scheme each year.

How are pension savings measured against the AA?

Total contributions into the Plan* (including core and matched Company, and employee matched, additional voluntary and IC Deferral contributions)

+

Any contributions to other defined contribution (DC) arrangements and/or personal pensions

+

Certain increases (above inflation) in the value of any pension rights in a defined benefit (DB) scheme**

How much is the AA?

The standard Annual Allowance (AA)

The standard AA (that applies to individuals with income below certain thresholds) is currently £40,000, meaning that pension savings of up to £40,000 may be made tax efficiently each year.

The Tapered Annual Allowance (TAA)

The TAA, introduced in April 2016, applies to higher-earning individuals and means that their standard AA reduces on a sliding scale from £40,000 to as low as £10,000 depending on level of UK taxable income (see page 9).

The Money Purchase Annual Allowance (MPAA)

The MPAA only applies to individuals who have flexibly accessed benefits from a money purchase (or defined contribution) pension scheme, with effect from 6 April 2015.

Since 6 April 2017 the MPAA has been £4,000 and, where it applies, limits the tax efficient savings to money purchase arrangements (see page 28).

Important

An additional tax charge applies if your pensions savings exceed the AA in a given tax year (including any carry forward of unused AA from the previous three tax years). An additional constraint on the maximum amount of contributions on which a member can have relief in any tax year is potentially the greater of (1) the 'basic amount' – currently £3,600, and (2) the amount of the individual's relevant UK earnings that are chargeable to income tax for the tax year.

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* If you were previously a member of the 2006 International Pension Plan (the IPP), the contributions to the IPP in a particular tax year before you left the arrangement would count towards your AA for the particular tax year.

** DB pensions are not covered in this guide as we don't expect members of the Plan to also be accruing new DB pension in addition to their benefits in the Plan. If you were previously a member of the J.P. Morgan Cazenove (1987) Pension Scheme, your benefits built up in a particular tax year before you left or the arrangement closed to future accrual (during the 2016/17 tax year), would count toward your AA for that tax year.

Generally, on a forward looking basis, any deferred pension rights (defined benefit or defined contribution) you have in company schemes other than the Plan, or other pension schemes, are not expected to contribute towards your AA on an ongoing basis. However, if you have pension rights in multiple arrangements you should contact the administrator of the relevant pension scheme to check. Please also note that any pension savings under non-UK pension plans only need to be taken into account where UK tax relieved contributions were made during the tax year in question – special rules apply and you will need to take appropriate professional advice.

The Annual Allowance (AA)

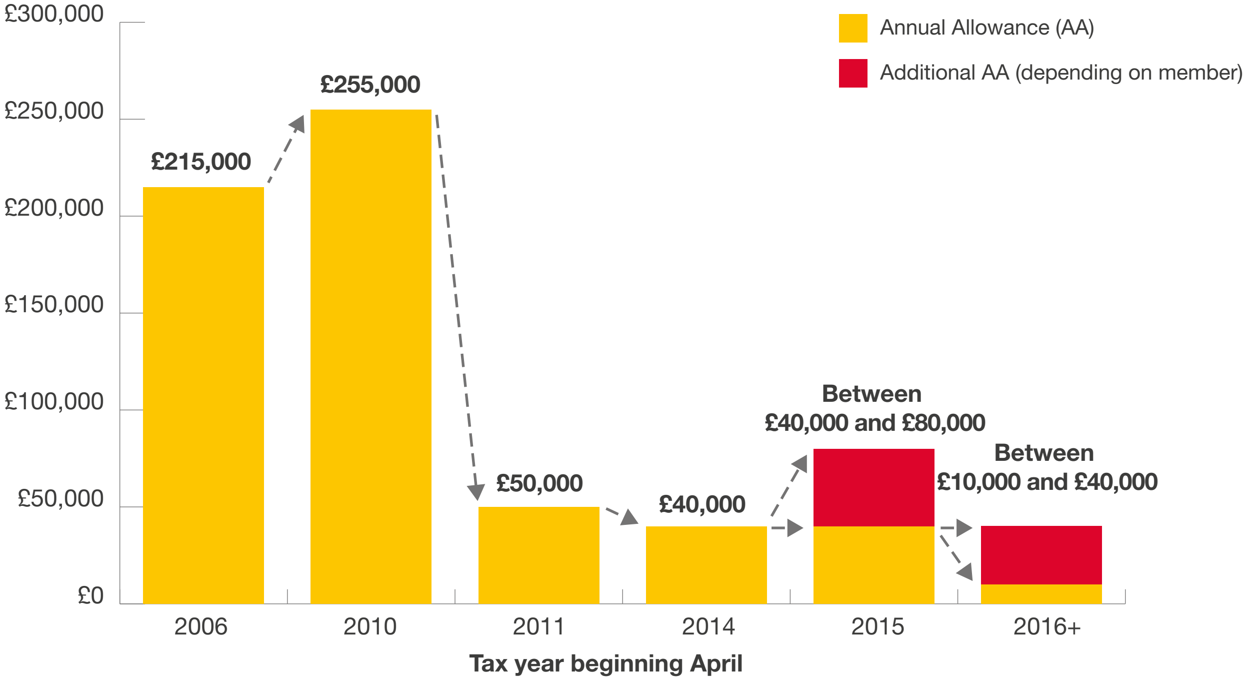
What do you mean by ‘carry forward’?

To offset any excess pension savings above the AA or TAA in a tax year, you can ‘carry forward’ any unused AA from the previous three years. If you have carry forward available, this means that you can make more tax-efficient pension savings in that tax year before the AA tax charge applies.

How has the AA evolved?

Since the AA was introduced in 2006 it has changed multiple times. Between 2006 and 2010 the AA increased gradually but it was set at such a high level that it impacted only a very small proportion of individuals. In 2011 the AA was reduced to £50,000, and further reduced to £40,000 in 2014. In the 2015/16 tax year, in anticipation of the introduction of the TAA, transitional rules applied and the AA for members was between £40,000 and £80,000 depending on pension savings made before and after the July 2015 Summer Budget. From the 2016/17 tax year, the TAA was introduced.

How the level of the AA has changed since 2006



The Annual Allowance (AA)

How are pension savings over the AA or TAA taxed?

Annual pension savings made in excess of the AA or TAA (having allowed for available carry forward) are taxed at your marginal rate of income tax. This is typically 40% or 45% in England and Wales*, or may be a combination of the two rates. Further detail on this is available in the Calculate your AA tax charge section.

*Scottish tax rates differ; see the table on page 21 for details.

Example: Carry forward

Jamal has unused AA from 2016/17, 2017/18 and 2018/19 of £15,000, £10,000 and £5,000 respectively.

This means, for 2019/20, he can have additional pension savings of £30,000 (over and above his 2019/20 tax year allowance) before the AA tax charge applies.

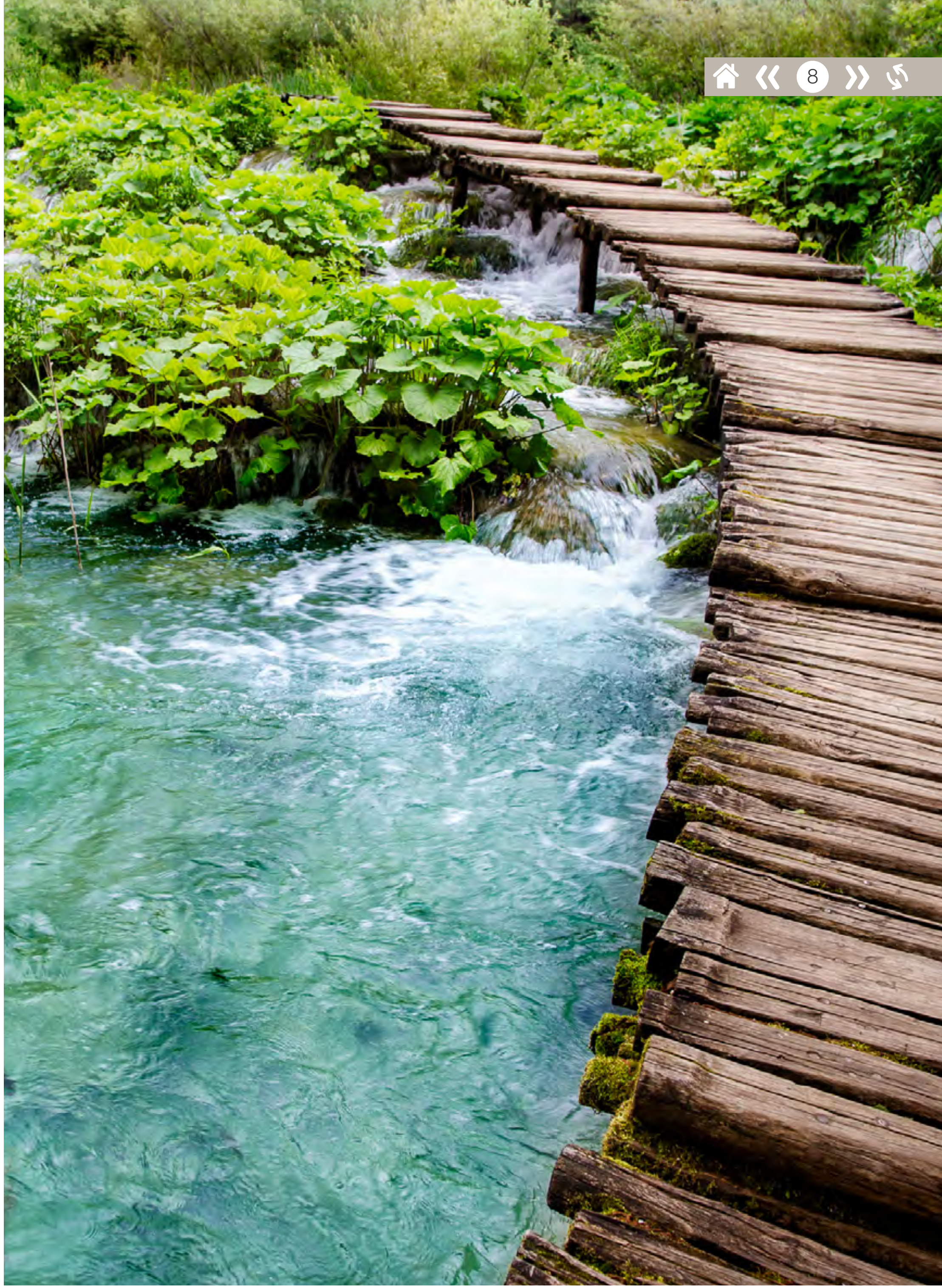
For more about how carry forward works (including detailed examples) see Working out your AA, Step 3 and the AA worksheet template.

Important

Double taxation

Currently, 25% of your benefits at retirement can be taken as a tax-free lump sum, subject to certain limits. However, the balance of your pension savings, when put into payment, will be taxed again as income. So if an AA tax charge is incurred before retirement, income tax then applies in retirement, your benefits are effectively incurring a form of double taxation.

Please also note that you would incur an additional tax charge if your benefits were, when brought into payment, to exceed the Lifetime Allowance (see the Lifetime Allowance section).



The Tapered Annual Allowance (TAA)

The TAA was introduced for the 2016/17 tax year onwards. It applies to higher-earning individuals and means that their standard AA reduces on a sliding scale from £40,000 to as low as £10,000.

More specifically, where an individual's 'Threshold Income' exceeds £110,000, the standard AA will be reduced, by £1 for every £2 that an individual's 'Adjusted Income' exceeds £150,000. For individuals with Adjusted Income in excess of £210,000 the TAA will be £10,000.

How the allowance tapers for Adjusted Incomes above £150,000

Important

Adjusted Income and Threshold Income

The terms Adjusted Income and Threshold Income were introduced specifically for TAA purposes and are summarised on the next page. For a more detailed description of the sources of income which make up Adjusted and Threshold Income, please see the relevant HMRC guidance.

Info

TAA and Adjusted Income levels

The TAA and Adjusted Income levels are only considered when Threshold Income exceeds £110,000. The standard AA of £40,000 continues to apply if your Threshold Income is less than £110,000.

The Tapered Annual Allowance (TAA)

What is Threshold Income?

Threshold Income is your total UK taxable income from all sources in a given tax year. A good starting point to work out your Threshold Income is the income on your P60 form from the Company for the relevant tax year. If you have income from other sources (e.g. investment income, rental income, taxable benefits not included on your P60) these will need to be added to your income. More specifically, Threshold Income includes:

Basic Salary*
Bonus Commission Overtime
Taxable social security benefits
Pensions in payment (including State Pension)
Taxable benefits (e.g. car, share plan)
Taxable dividend, rental and savings income
–
Your pension contributions**
Certain charitable donations
+
Employer contributions to a new[1] salary sacrifice arrangement

Example: Threshold Income

Jane's basic salary in 2019/20 was £125,000. In addition, she received a bonus of £25,000 and had additional income from renting out a property of £15,000.

Over the year, she makes regular matched contributions to the Plan of 6% of her pensionable salary through the Plan's salary sacrifice facility (having made such contributions since before 9 July 2015) and a one-off additional voluntary contribution, via payroll, direct to the Plan of £5,000.

Her Threshold Income for 2019/20 was therefore £125,000 + £25,000 + £15,000 – £7,500 – £5,000 = £152,500

Note that Jane's P60 income would have been £137,500 (i.e. everything included above with the exception of her rental income).

As Jane's Threshold Income exceeded £110,000 she now needs to calculate her Adjusted Income to work out her TAA.

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[1] On or after 9 July 2015

* by 'Basic Salary' we mean the sum of:
(a) your basic salary entitlement, after taking into account any salary sacrifice deductions; and
(b) any pension contributions made by way of salary sacrifice.

**except any salary sacrifice pension contributions 'made on or after 9 July 2015'. It is unclear exactly when HMRC will regard salary sacrifice pension contributions as being 'made on or after 9 July 2015' (neither the relevant legislation nor HMRC's guidance clarifies the position) – you should therefore seek appropriate professional advice. HMRC appears likely, however, to regard salary sacrifice pension contributions as being 'made on or after 9 July 2015':
(a) where you start to make such contributions after 8 July 2015; or
(b) if and insofar as you have increased the percentage level of such contributions after 8 July 2015.

The Tapered Annual Allowance (TAA)

What is Adjusted Income?

It is only relevant if Threshold Income exceeds £110,000. Adjusted Income is your Threshold Income plus the value of pension savings made during the relevant tax year (but ignoring any salary sacrifice pension contributions 'made on or after 9 July 2015' – as these will already be included in Threshold Income).

Defined Contribution (DC) pension

For a Defined Contribution (DC) pension arrangement like the Plan, pension savings means the total pension contributions, including any employer contributions paid during the year.

Threshold Income + Your pension contributions to a DC arrangement, like the Plan + Company pension contributions to the Plan

Defined Benefit (DB) pension

For a Defined Benefit (DB) pension arrangement, the value of pension savings built up in a particular tax year is determined differently.

- If you were an active member of a DB scheme for all or part of a relevant tax year in which you need to establish your Adjusted Income, you should contact the administrator of that scheme who will provide you with the value of your DB pension savings for AA purposes.
- If you were a deferred member of a DB scheme for the whole of the relevant tax year, it is unlikely that your benefit would count towards pension savings.

Example: Adjusted Income

Jane's Threshold Income was £152,500 in 2019/20.

She contributed £7,500 (regular matched 6% contribution) and £5,000 (one-off additional voluntary contribution) into the Plan. In addition, the Company paid in 6% core and 6% matched contributions, totalling £15,000.

This meant that Jane's total contributions into the Plan for the year were:

£7,500 + £5,000 + £15,000 = £27,500

Combined with her salary, this meant that Jane's adjusted income was £180,000.

The result is that Jane exceeded the AA threshold and her TAA would be calculated as follows:

£40,000 – ((£180,000 – £150,000) ÷ 2) = £25,000

Therefore Jane's TAA would be £25,000 but her pension contributions into the Plan were £27,500, meaning she will have exceeded her TAA by £2,500.

Assuming she had no carry forward of unused AA from the previous three years, this amount would be subject to an AA tax charge at her marginal rate of income tax.

The Tapered Annual Allowance (TAA)

Practicalities of the TAA

As Adjusted Income is measured over the tax year, individuals may not be able to accurately determine their TAA in advance of the end of the tax year when all their income and total pension contributions are known.

Because the TAA calculation includes income from all sources, neither the Plan's administrator, the Trustee nor the Company can know an individual's TAA with certainty.

You will only automatically receive a Pensions Savings Statement from the Plan's administrator if your Plan pension savings in a particular tax year exceed the standard AA of £40,000. **Therefore, if you are affected by the TAA and your Plan pension savings are less than £40,000, you will need to request your pension saving details from the Plan's administrator.** Further detail on this is set out in Working out your AA: Step 1.

Visit

More about the TAA and how to calculate yours is available on the Government's website at: **www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance**

The next section provides a detailed, step-by-step guide to help you work out whether you are affected by the AA or TAA as well as calculating, paying and reporting tax charges to HMRC.

What if I work/have worked overseas?

Both Threshold Income and Adjusted Income include any income you receive during the relevant tax year that is liable to UK income tax. Depending on your own tax residency status you may well, therefore, not be subject to the TAA. However, you will need to take into consideration the following:

- any income you receive before breaking or after re-establishing UK tax residency;
- any 'trailing' bonus payments you receive;
- income attributable to your UK workdays, if any; and
- any UK rental or other UK investment income you receive.

Info

If you are working overseas (or have worked overseas after April 2016), we strongly recommend that you obtain specialist tax advice to understand how the TAA may apply to your specific case.

The Tapered Annual Allowance (TAA)

Calculating AA/TAA

Determine Threshold Income

Is Threshold Income (broadly all UK taxable income from all sources) greater than or equal to £110,000?

Yes

Determine Adjusted Income

Is Adjusted Income (Threshold Income + Pension savings made for the relevant tax year) greater than or equal to £150,000?

Yes

You are subject to the Tapered Annual Allowance

Your Tapered Annual Allowance will be between £10,000 and £40,000.

- If Adjusted Income is between £150,000 and £210,000: **TAA = £40,000 – (Adjusted Income – £150,000) ÷ 2**
- If Adjusted Income is £210,000 or higher: **TAA = £10,000**

No

You are not subject to the Tapered Annual Allowance

Your Annual Allowance is £40,000.

Working out your AA: A step-by-step guide

This section provides a step-by-step guide to help you work out whether you are affected by the AA or TAA, as well as showing you how to calculate, pay and report tax charges to HMRC. Provided you have all the information required (see Step 1 below and overleaf), you can use the AA template worksheet to help you work out your AA position.

Step 1

Collect all the information you need

To work out your AA position, you will need some or all of the following:

- Your pension savings details for the relevant tax year
- Your pension savings history for at least the previous three tax years in respect of all UK registered or UK tax relieved overseas pension arrangements you have been a member[1] of
- Your pension savings history for more than the previous three tax years (possibly as far as 2008/09 tax year) if you exceeded the AA in any of the previous three tax years in order to calculate your carry forward
- Your UK taxable income information for the relevant tax year, and any of the previous tax years since April 2016 when the TAA was in place

Pension savings in the Plan

If you have a Pension Savings Statement from the Plan for the relevant tax year, this will provide details of your pension savings for the relevant tax year and the three previous tax years. Pension Savings Statements are sent automatically to those whose pension savings to the Plan exceed £40,000 in a tax year, and are usually issued towards the end of September following the end of the tax year, for example if you were sent a statement for the 2018/19 tax year this would have been sent to you in late September 2019.

If you don't have a Pension Savings Statement, or need to go back further than the previous three years, you can request your Plan savings history from the Plan's administrator, using the contact details on page 38. Please see the Contacts section for more details of where to obtain the required information.

If contacting the Plan's administrator, please quote your Standard ID (SID) which is your unique Plan reference (in the format of A123456) and request your pension savings history for Annual Allowance purposes. The Plan's administrator will then send you your full Plan savings history. If you have left J.P. Morgan, you will also be required to provide your National Insurance number and Date of Birth.

Info

To determine your AA position, you may not need all the data set out in Step 1. Read through the next steps first (or follow the 'Am I affected by the AA?' flowchart in Appendix A) in order to determine what data you will need.

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[1] For Company employment this may include pension savings to the Plan, the JPMorgan Cazenove (1987) Pension Scheme (the Cazenove Scheme) or the JPMorgan Chase 2006 International Pension Plan ('the IPP').

Working out your AA: A step-by-step guide

Step 1

Collect all the information you need

Pension savings outside the Plan

The Plan's administrator can only provide you with your pension savings history in the Plan. If you are currently paying, or have previously paid contributions to other pension arrangements, or you were a member of a DB scheme in the relevant tax years, this may affect your pension savings for the current year or any carry forward you may have. You should obtain the information for the relevant tax years from the respective arrangements and combine it with your pension savings in the Plan. This will be particularly relevant if you have been a member of the Plan for less than four years.

If you were previously a member of another Company pension scheme, please use the following contacts:

For former members of the Cazenove Scheme

E-mail: **cazenove.jp.morgan@aonhewitt.com**

Telephone: **0333 207 9436**

Post: **JPMorgan Cazenove (1987)**
Pension Scheme, Aon Hewitt Limited
PO Box 196, Huddersfield HD8 1EG

For former members of the International Pension Plan

Email: **teamjpmorgan@rbc.com**

Telephone: **01534 602067**

Post: **RBC cees Limited, Gaspé House**
66-72 Esplanade, St. Helier
Jersey JE2 3QT

UK taxable income

You should collate your UK taxable income information for the relevant tax year, and any of the previous tax years where the TAA was already in place.

This may include but is not limited to:

- your P60 and P11d forms (current employees can access this on the J.P. Morgan intranet site by visiting **me@jpmc > pay summary**)
- any other UK taxable benefits
- any UK taxable dividend, investment, rental and savings income
- any UK taxable pensions in payment (including State Pension)

Important

Visit 'Am I affected by the AA?' – flowchart (appendix A) for a high level summary of the steps in this section.

Remember if in doubt, seek impartial financial advice or professional tax advice.

Action

Continue to Step 2

In order to work out your Adjusted Income, Threshold Income and TAA.

To find out more about what taxable income information is included in the AA/TAA calculations please read the Threshold and Adjusted Income details in The Tapered Annual Allowance (TAA).
If you are working, or have worked overseas since April 2016, your own tax residency status may differ and you may need to take specialist tax advice.

Working out your AA: A step-by-step guide

Step 2

Calculate your threshold income, adjusted income and your TAA

- Once you have all the information from Step 1, you can use the AA template worksheet to calculate your relevant Threshold Income, Adjusted Income and TAA figures. There are further instructions provided in the template itself.
- Refer to The Tapered Annual Allowance (TAA) for further information and the worked examples on how to calculate Threshold Income, Adjusted Income and TAA.

Once you have calculated your allowance against your income, your next step is:

Action

Continue to Step 3 if:

- Your pension savings in the relevant year are more than your TAA.

You will need to check your available carry forward (see Step 3) to see if this is sufficient to cover the excess pension savings above your TAA in the current year, and consider the position for future years.

No direct further action* (for the relevant tax year) is needed if:

- You have the standard AA of £40,000 and your pension savings in the relevant tax year are less than £40,000,
- Your pension savings in the tax year are less than your TAA. However, you should consider whether this will remain the case in future years and take action accordingly should your situation change (Step 7).

If you have flexibly accessed pension benefits from a money/purchase defined contribution pension scheme since April 2015:

- You are likely to be subject to the Money Purchase Annual Allowance. This would further restrict your tax efficient allowance for contributions to money purchase arrangements, like the Plan. See The Money Purchase Annual Allowance (MPAA) of this guide for more information, as if it applies to you, you may not need to take further action relating to the determination of your TAA, unless you also currently build up new pension benefits in non-money purchase arrangements.

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*Even if your pension savings in the relevant year are less than your available AA, you may wish to determine your available carry forward (see Step 3) to check whether you can:

- make a higher level of pension savings in the current or in future tax years before any available carry forward is lost; or
- continue your current level of savings in the current or in future tax years without incurring a tax charge.

Working out your AA: A step-by-step guide

Step 3

Check your available carry forward and monitor your AA position regularly

You can 'carry forward' any unused allowance from the previous three tax years to increase the level of tax-efficient pension savings you can make in the current tax year. If you have pension savings above your AA/TAA, then the oldest year of carry forward would be offset and used up first, followed by the next and then the immediately prior tax year. The worked examples on the following pages provide a guide as to how this works.

The carry forward mechanism is not available in relation to the MPAA, therefore if this limit applies to you, you should see The Money Purchase Annual Allowance (MPAA) for more information.

Example 1: Calculating carry forward in previous tax years

Jessica is partially affected by the TAA for the tax years 2016/17 onwards, and would like to find out whether her current level of pension savings to the Plan exceeds her tapered AA and, if so, how much carry forward she has available to supplement pension savings in future.

She starts by looking at her carry forward for previous tax years. As Jessica knows (broadly) that she hasn't made pension savings of more than £40,000 (standard AA) in the tax years prior to 2016/17, she only needs to request details from the Plan's administrator of her Plan pension savings during the three tax years prior to 2016/17*, i.e. from 2013/14 to 2015/16. She then uses the template AA worksheet to work out her carry forward for the 2016/17 year:

Period	Applicable tax year	(1): Annual Allowance	(2): Pension savings to the Plan	(3): Carry forward to 2016/17 (3) = max (0, (1) – (2))
1 April 2013 to 31 March 2014	2013/14	£50,000	£25,380	£24,620
1 April 2014 to 31 March 2015	2014/15	£40,000	£25,380	£14,620
1 April 2015 to 8 July 2015	Pre alignment 2015/16**	£80,000	£6,345 **(4)**	n/a
9 July 2015 to 5 April 2016	Post alignment 2015/16**	Lower of £40,000 or £80,000 – **(4)**	£19,035	£20,965
				£60,205

Jessica has £60,205 of carry forward available for the 2016/17 tax year, on top of her own TAA for the year. This means she has scope to make extra tax-efficient pension savings during 2016/17 should she choose to.

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* Had Jessica made pension savings over the AA in any of the tax years 2013/14 to 2015/16, she may then have needed to request details of her pension savings in earlier tax years for carry forward purposes.

**For the 2015/16 tax year the Government aligned the Pension Input Period (the time period over which contributions paid into a pension scheme are measured for AA comparison) for all pension schemes with the tax year. To implement this change the 2015/16 Pension Input Period was split into two distinct parts (the pre and post alignment periods) with different pension saving allowances. Further information on this is included in the AA worksheet template.

Working out your AA: A step-by-step guide

Example 2: Working out carry forward in recent tax years

Now that Jessica knows her 2016/17 available carry forward (£60,205), she now needs to track the use of that carry forward in more recent tax years.

2016/17 tax year: In the 2016/17 tax year Jessica's Threshold Income (based on her P60) was £145,000, and her total Plan savings were £25,380. This means her Adjusted Income was £170,380, and her TAA was £29,810.

Her Plan savings for 2016/17 are within her TAA for the year, and she does not need to use any carry forward***. As she did not exceed her TAA, she also has some carry forward from the 2016/17 year (£4,430 i.e. £29,810 – £25,380) for use in 2017/18 together with carry forward from the two prior tax years. This is shown below.

Period	Applicable tax year	Carry forward to 2017/18
1 April 2014 to 31 March 2015	2014/15	£14,620
1 April 2015 to 5 April 2016	2015/16	£20,965
6 April 2016 to 5 April 2017	2016/17	£4,430
		£40,015

2017/18 tax year: In the 2017/18 year she had Threshold Income of £163,000 and made total Plan savings of £25,380. Her Adjusted Income of £188,380 means her TAA for the year was £20,810. As her Plan savings exceeded her TAA by £4,570 (£25,380 – £20,810) she will need to use some of her available carry forward (as shown above totalling £40,015) to cover the excess. The oldest year of carry forward is used first and the amount available from the 2014/15 tax year is more than sufficient to meet the excess in this case.

This leaves Jessica with £25,395 of carry forward from the 2015/16 and 2016/17 years going into 2018/19.

Please note

Had Jessica instead been fully impacted by the TAA in 2016/17, her regular Plan savings of £25,380 would have exceeded her allowance by £15,380 (£25,380 – £10,000), so she would have needed to use up some of her carry forward to cover the excess. As Example 1 shows, Jessica has £24,620 of carry forward from the oldest*** of the three prior years (2013/14 tax year), which is more than sufficient to cover the additional pension savings made in 2016/17. In this scenario moving into the 2017/18 tax year, Jessica would have the carry forward of £14,620 from the 2014/15 year available plus £20,965 from 2015/16, but there would be no extra carry forward available from the 2016/17 year. Had Jessica continued to have been fully tapered in 2017/18 (as well as in 2016/17), her excess savings would have been £15,380. Her full 2014/15 carry forward plus a small amount (£760) from 2015/16 would be required to meet this. This would leave her with £20,205 of carry forward from 2015/16 going into 2018/19.

***Jessica's remaining carry forward from the 2013/14 tax year will no longer be available for use after 2016/17 because it will then fall outside of the prior three tax-year period.

Working out your AA: A step-by-step guide

Example 2: Working out carry forward in recent tax years

Now that Jessica knows her 2016/17 available carry forward (£60,205), she now needs to track the use of that carry forward in more recent tax years.

2018/19 tax year: Based on her history of pension savings, Jessica's carry forward position going into the 2018/19 tax year is:

Period	Applicable tax year	Carry forward to 2018/19 (after any 2017/18 excess)
1 April 2015 to 5 April 2016	2015/16	£20,965
6 April 2016 to 5 April 2017	2016/17	£4,430
6 April 2017 to 5 April 2018	2017/18	£0
		£25,395

In 2018/19 Jessica's Threshold Income fell to £140,000, so combined with her Plan savings of £25,380, her Adjusted Income and TAA were £165,380 and £32,310 respectively. As her Plan savings for 2018/19 are within her TAA for the year, she does not need to use any carry forward***. In addition she will have some carry forward from the 2018/19 year (£6,930 i.e. £32,310 – £25,380) for use in 2019/20 together with existing carry forward from 2016/17 (£4,430).

2019/20 tax year: Going into 2019/20, Jessica's remaining carry forward is:

Period	Applicable tax year	Carry forward to 2019/20
6 April 2016 to 5 April 2017	2016/17	£4,430
6 April 2017 to 5 April 2018	2017/18	£0
6 April 2018 to 5 April 2019	2018/19	£6,930
		£11,360

In 2019/20 Jessica's Threshold Income was £155,000 and her Plan savings were £25,380, meaning her TAA was £24,810. This meant excess savings of £570, which is more than covered by her 2016/17 carry forward. Going into 2020/21 Jessica can no longer use her 2016/17 carry forward however she still has £6,930 available from 2018/19.

Please note

Had Jessica remained subject to the £10,000 TAA in 2018/19, her regular Plan savings of £25,380 would have exceeded her allowance by £15,380 (£25,380 – £10,000). Her carry forward from the 2015/16 year of £20,205 would have been sufficient to cover this in full.

However as 2015/16 year carry forward is no longer available for use after 2018/19 Jessica's carry forward would have been fully exhausted going into the 2019/20 tax year. If her TAA remains subject to the minimum of £10,000 paying her regular 6% match and receiving 12% from the Bank would result in an Annual Allowance charge for tax years 2019/20 onwards.

***Jessica's remaining carry forward from the 2015/16 tax year will no longer be available for use after 2018/19 because it will then fall outside of the prior three tax-year period.

Working out your AA: A step-by-step guide

Example 3: Working out current tax-efficient saving limit

Now that Jessica knows her carry forward, she wants to check that the pension savings she expects to make during 2020/21 will be within her tax-efficient savings limit based on what she expects her annual taxable income to be.

2020/21 tax year: Jessica's basic salary is £150,000 and therefore her pensionable salary in the Plan is capped at £141,000 (i.e. the 2019/20 pensionable salary cap). She currently makes 6% matched contributions, meaning she receives a 12% contribution (6% core and 6% match) from the Company. This means she expects to make contributions of £25,380 during 2020/21. She estimates that her other income during the year will result in total taxable income (i.e. Threshold Income) of £180,000, therefore her Adjusted Income would be £205,380 and her TAA would reduce to £12,250.

Based on her available carry forward of £6,930 (from the 2018/19 tax year) and her expected 2020/21 TAA of £12,250, Jessica estimates she will be able to make tax-efficient pension savings of up to £19,180 (i.e. £12,250 + 6,930) during the 2020/21 tax year. Jessica can however be certain that she would be able to make contributions of £16,930 (the minimum TAA of £10,000 plus her carry forward).

Although Jessica still has a small amount of carry forward available the increase in her expected taxable income for the 2020/21 year means she will have a lower TAA. Her planned level of pension savings for 2020/21 of £25,380 are above this allowance (including carry forward). Therefore if she continues to make pension savings at her current level she will exceed her TAA, and would need to pay an AA tax charge for that year.

Work out your own available carry forward

Once you have determined your Threshold Income, Adjusted Income and TAA for the relevant tax year (and prior tax years from 2016/17 onwards as required), you can also use the AA template worksheet to determine your available carry forward. This will then allow you to assess whether, based on your history of pension savings and current pension savings in the relevant tax year, an AA tax charge may arise.

Alternatively you can also use the online HMRC calculator to work out the same information. The calculator is available here: **www.tax.service.gov.uk/pension-annual-allowance-calculator**

Your next step

Continue to Step 4 if:

- Your pension savings are more than the TAA and your available carry forward as you will have incurred an AA tax charge. Follow Step 4 to determine the level of tax charge that applies.

No direct further action (for the relevant tax year) is needed if:

- The carry forward available is sufficient when combined with your TAA for the relevant tax year to cover your level of pension savings. However, you should check you are able to continue your current level of pension savings for the following tax year and take action as appropriate if this is not the case (see Step 7).

Working out your AA: A step-by-step guide

Step 4

Calculate your AA tax charge (if applicable)

If you exceeded your AA or TAA for the relevant tax year (including using up any available carry forward), you will have an additional tax charge to pay. The excess savings are added to your UK taxable income and are subject to income tax in the normal way. The AA template worksheet will help you to calculate this, based on the information you have already calculated in the earlier steps.

As a result you may wish to consider the alternative options available for Plan members whose pension savings are restricted due to the TAA. See Your Plan options if you're affected by the AA for more details.

Important

If you have incurred an AA tax charge in the current year, then it is possible that you would incur another charge in the following tax year (see Step 7).

The process for calculating your AA tax charge is set out below, using the 2019/20 tax rates and allowances for illustration (note that these may change every year). Several worked examples are also provided on the following pages.

A

Taxable income

Establish taxable income after allowance deductions and your *personal allowance (if applicable).

Note: If you have no personal tax allowance due to the level of your earnings, this will be the same figure as your Threshold Income[1]. Otherwise, it will be your Threshold Income less your personal allowance.

B

Pension savings

Identify value of pension savings that will be subject to an Annual Allowance tax charge.

Note: This will be your pension savings in excess of your AA or TAA having also utilised any available carry forward.

C

Income

Add together the reduced net income (from A) and the amount of excess pension savings (from B).

D

AA tax rate and tax charge

The value of excess pension savings will then be taxed as follows for tax year 2019/20. Taxable income plus excess value pension savings (from C) are:

In England, Wales, and Northern Ireland	
Less than £37,500	excess value pension savings taxed at 20%
Between £37,500 and £150,000	excess value pension savings taxed at 40%
More than £150,000	excess value pension savings taxed at 45%
In Scotland	
Less than £2,050	excess value pension savings taxed at 19%
Between £2,050 and £12,444	excess value pension savings taxed at 20%
Between £12,555 and £30,930	excess value pension savings taxed at 21%
Between £30,931 and £150,000	excess value pension savings taxed at 41%
More than £150,000	excess value pension savings taxed at 46%

If tax bands are straddled, different rates of tax could apply to the excess value pension savings.

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* The personal allowance is £12,500 for tax year 2019/20 and will be reduced by £1 for £2 of income in excess of £100,000 until extinguished completely.

[1] But excluding any salary sacrifice pension contributions 'made on or after 9 July 2015' – as these will, notwithstanding their inclusion in Threshold Income, not be subject to UK income tax. See The Tapered Annual Allowance (TAA) for a reminder of your Threshold Income.

Working out your AA: A step-by-step guide

Step 4

Example members

	A Taxable income	B Pension savings	C Income	D AA tax rate and tax charge
Josephine	Josephine's taxable income was £180,000 and she has no personal allowance remaining to deduct.	She exceeded her TAA (including any available carry forward) by £25,000.	Her taxable income + excess pension savings were therefore **£180,000 + £25,000 = £205,000**	As £180,000 is greater than £150,000, all the excess pension savings will be taxed at 45%. **Josephine's AA tax charge is therefore** **£25,000 x 45% = £11,250**
Joshua	Joshua's taxable income was £120,000, therefore he qualifies for a lower level of personal allowance. He needs to deduct his 2019/20 tax year personal allowance of **£12,500 – (£20,000 ÷ 2) = £2,500** Joshua's income above his personal allowance is therefore £117,500.	He exceeded his TAA (including any available carry forward) by £10,000.	His taxable income + excess pension savings were therefore **£117,500 + £10,000 = £127,500**	As £127,500 is less than £150,000, all the excess pension savings will be taxed at 40%. **Joshua's AA tax charge is therefore** **£10,000 x 40% = £4,000**
John	John's taxable income was £140,000 and he has no personal allowance remaining to deduct.	He exceeded his TAA (including any available carry forward) by £15,000.	His taxable income + excess pension savings were therefore **£140,000 + £15,000 = £155,000**	As £140,000 is less than £150,000 but £155,000 is greater than £150,000, his AA tax charge causes him to straddle income tax bands. **John's AA tax charge is therefore a blend of the two rates:** **(£10,000 x 40%) + (£5,000 x 45%) = £6,250**
Jennie	Jennie is a Scottish taxpayer, her taxable income was £145,000 and she has no personal allowance remaining to deduct.	She exceeded her TAA (including any available carry forward) by £20,000.	Her taxable income + excess pension savings were therefore **£145,000 + £20,000 = £165,000**	As £145,000 is less than £150,000 but £165,000 is greater than £150,000, her AA tax charge causes her to straddle Scottish income tax bands. **Jennie's AA tax charge is therefore a blend of the two rates:** **(£5,000 x 41%) + (£15,000 x 46%) = £8,950**

Action

Continue to Step 5

Working out your AA: A step-by-step guide

Step 5

Arrange payment of your AA tax charge (via Self-Assessment or 'Scheme Pays')

Once you have calculated your AA tax charge, there are two options for paying it.

1

You can settle the tax charge yourself directly via HMRC's self-assessment process.

2

You can ask the Plan's administrator to pay the tax charge on your behalf in return for an equivalent reduction to your Plan fund value – this option is called 'Scheme Pays'. Note that to be eligible for this option, your AA tax charge must be greater than £500.

Whichever option you choose you will need to file a self-assessment tax return, including details of your excess pension savings, by 31 January in the year following the end of the relevant tax year e.g. for the 2019/20 tax year, this would be 31 January 2021 (further detail on this is provided in Step 6).

If your AA tax charge is above £500 and you opt for 'Scheme Pays', the process depends on the amount of the tax charge.

Voluntary Scheme Pays: If you are either affected by the TAA and have a tax charge, or you have the standard AA but your AA tax charge is above £500 and less than £2,000, then the payment will typically be categorised as making use of a Voluntary Scheme Pays facility. The tax charge must be both declared to and paid to HMRC by 31 January after the end of the tax year. E.g. 31 January 2021 for an AA charge in 2019/20. If sufficient notice is not provided to the Plan administrator meaning the tax charge is not paid by the deadline, then you would be personally liable for any penalties and late payment interest charges as may be levied by HMRC.

Mandatory Scheme Pays: If you are subject to the standard AA and your AA tax charge is above £2,000 then you are required to make the payment through Mandatory Scheme Pays. You are still required to report any AA tax charges to HMRC by the usual self-assessment tax return deadline (31 January after the end of the tax year), however, the Plan's administrator has a longer timescale to then settle the charge on your behalf. You need to state on your self-assessment that you plan to use Scheme Pays and how much of the charge the Plan will meet. You must submit your initial election form to the Plan's administrator by 31 December after the end of the tax year.

We therefore suggest **contacting Willis Towers Watson well in advance of 31 January** to ensure they can process the tax charge ahead of the deadline.

Working out your AA: A step-by-step guide

Step 5

If you want to use the Scheme Pays facility

- Contact the Plan administrator, Willis Towers Watson at **jpmukpension@willistowerswatson.com**.
- The Plan's administrator will send you an 'Initial Election' form which you will need to complete, with details of your tax charge, sign and return to them using the relevant figures you calculated in Steps 3 – 4 above.
- You will then receive a 'Disinvestment Form' from the Plan's administrator where you will be able to confirm whether you want the tax charge to be disinvested in proportion to your existing asset allocation choices, or from specific funds of your choosing.
- The Plan's administrator will then arrange for the tax charge to be paid to HMRC on your behalf and reduce your Fund value in the Plan accordingly.
- Once the tax charge has been processed, the Plan's administrator will send you a 'Confirmation Letter' for your records that the tax charge has been deducted as per your instructions.

Action

Continue to Step 6

Visit

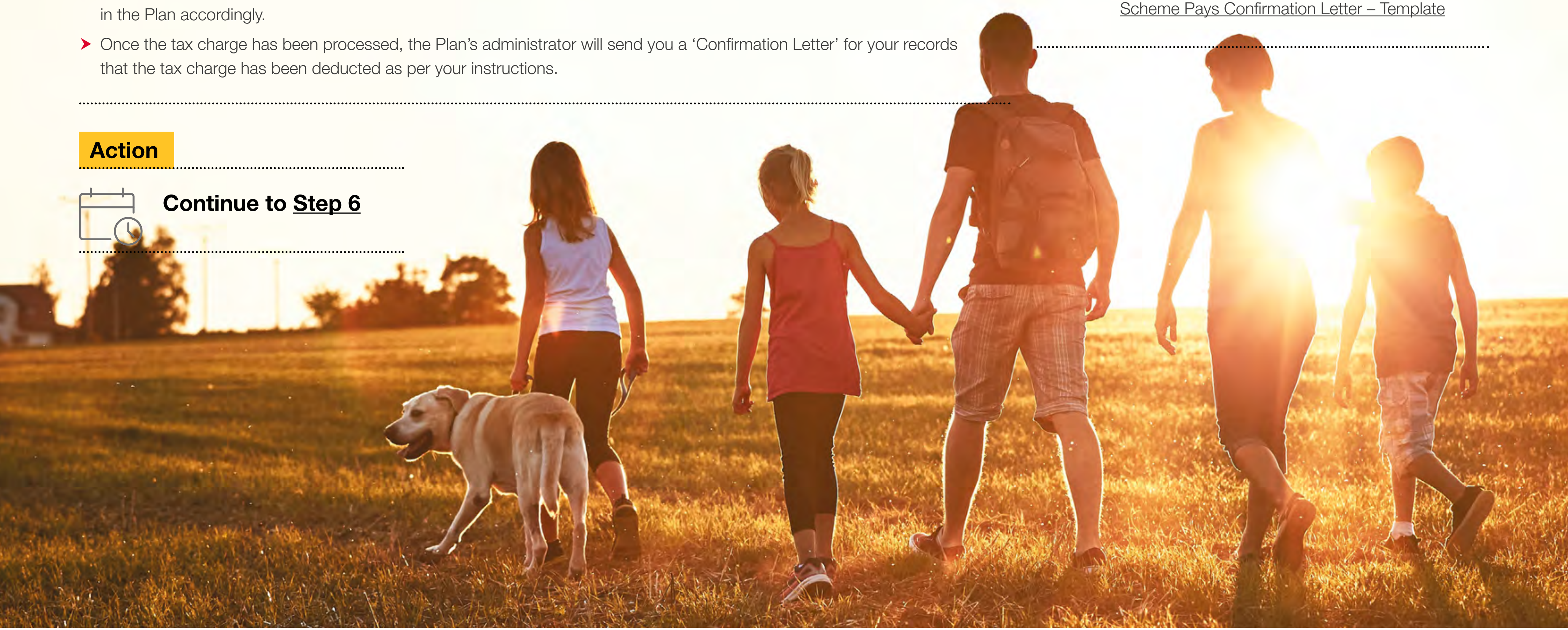
Use the links below to see examples/templates of the relevant documents which also show any information you will need to complete them:

Pension Savings Statement – Template

Scheme Pays Initial Election Form – Template

Scheme Pays Disinvestment Form – Template

Scheme Pays Confirmation Letter – Template



Working out your AA: A step-by-step guide

Step 6

Report your AA Tax Charge to HMRC

Once you have established your tax charge and decided how this will be met (directly or paid via Scheme Pays), is to submit the details to HMRC. To do so, you need to complete and return an SA101 form or the online equivalent. The form is available at **www.gov.uk/government/publications/self-assessment-additional-information-sa101**.

The above link also has further guidance on how to complete the SA101 form. Specifically, you need to complete the following boxes on page 4 of the form:

2018/2019 tax return responses under Pension Savings Tax Charges	
10. Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance	Amount B from Step 4 earlier in the process
11. Annual Allowance tax paid or payable by your pension scheme	Amount D from Step 4 earlier in the process
12. Pension Scheme tax reference number	00629760RX

If you are paying the tax charge yourself, you still need to include the information in box 10 but should then leave boxes 11 and 12 blank.

Important

The deadline for online submission of your self-assessment tax return is the following 31 January after the end of the tax year (for example for tax charges incurred in the 2019/20 tax year, the deadline is 31 January 2021). You can do this at **www.gov.uk/log-in-file-self-assessment-tax-return**. Note that you will need to set up an HMRC online login if you haven't done so previously.

Action

Continue to Step 7

Working out your AA: A step-by-step guide

Step 7 – final step

Check your estimated position for the next relevant tax year

You should always look ahead to the next relevant tax year to determine whether you can continue your current level of pension savings without incurring a tax charge. If this is not the case you should then consider your options and take action as appropriate.

Example: Thinking ahead

Joaquim had a small amount of carry forward (£8,500) available going into the 2020/21 tax year.

However he was recently promoted and based on his expected income over the next year, he estimates that he will have a £10,000 TAA in the 2020/21 tax year. This means the total tax-efficient savings he can make in 2020/21 is £18,500.

If he continues with this current level of pension saving his total contributions to the Plan for the 2020/21 tax year will be £25,380 (or £2,115 per month). Therefore, unless he takes action, he expects that he will exceed his available limit in the 2020/21 tax year and incur a tax charge.

Joaquim's options

Joaquim will have the option to join the Restricted Annual Allowance section of the Plan (see Your Plan options if you're affected by the AA) and reduce his total pension contributions to 6% (or £705 per month).

To maximise his available allowance, Joaquim works out that he can continue to contribute 18% for seven months in the tax year and then join the Restricted Annual Allowance section, receiving contributions of 6% for the remaining five months. His expected total contributions for the 2020/21 tax year would then be:

(7 x £2,115) + (5 x £705) = £18,330

This will be less than his available limit (TAA + carry forward) of £18,500. Joaquim could decide to make a lump sum additional voluntary contribution of £170 (£18,500 – £18,330) if he wished to use his full allowance.

Your Plan options if you're affected by the AA

There is a Restricted Annual Allowance (RAA) section of the Plan for members whose current level of core and matching contributions would result in pension savings above the TAA (plus available carry forward).

As a member of the RAA section:

- Contributions will automatically be restricted to the 6% Core Employer contribution. No Employer Matching or Employee Matching contributions can be paid into this section.
- In addition to the 6% Core Employer contribution, you will receive a cash allowance in lieu of the 6% Employer Matching contribution. The cash allowance is 5.3% of your pensionable salary. This is equivalent in cost to the Company to the maximum Employer Matched contribution of 6%, after allowance for the additional National Insurance the Company will pay on the cash allowance.
- Lump sum Additional Voluntary contributions can still be made once per quarter, as they can currently, in order to utilise any remaining AA scope. For example, if you join the RAA section at the start of a tax year, and
    - Your TAA is £10,000, and you have no carry forward available from prior tax years;
    - You are on the maximum pensionable salary (£141,000) and so will receive Plan contributions of £8,460 (i.e. 6% of £141,000) during the year;
    - You could make a lump sum additional voluntary contribution of £1,540 (£10,000 – £8,460) towards the end of the tax year.
- You will also receive the value of your own employee pension contributions that you were previously making to the Plan (either directly or through salary sacrifice) as part of your monthly salary.
- You will continue to be entitled to the Plan's death-in-service pension benefits.

Please note that any payments you receive in lieu of contributions which would have otherwise been paid to the Plan will be subject to deductions for employee National Insurance contributions and income tax as normal, and payment is at the Company's discretion.

Once you are eligible, after considering your own position, if you wish to join the RAA section of the Plan, you will need to complete the Restricted Annual Allowance Membership Form, which should be returned to the Plan's administrator, Willis Towers Watson. You can request this form from The Plan's administrator at **jpmukpension@willistowerswatson.com**.

Important

If you believe you are eligible for the RAA section because of pension savings you have made outside of the Plan, the Plan's administrator may ask you to provide evidence to support your application. This will include confirmation of your Adjusted Income figures, for the past three tax years, as well as the following external contribution information:

For contributions to alternative pension arrangements during the relevant tax years (2010/11 to the current tax year), please provide the following information:

- Amount of gross contribution(s) made
- Date of contribution(s) made
- Name of the scheme(s) contribution(s) were made to

If your benefits are held under the JPMC UK Retirement Plan please advise the Plan's administrator and this information can be obtained on your behalf.

Info

You cannot join the RAA section retrospectively. The change will be effective from the month following your application.

The Money Purchase Annual Allowance (MPAA)

The MPAA is a specific annual allowance that only applies to individuals who have ‘flexibly accessed’ money purchase (or Defined Contribution) benefits under a pension scheme on or after 6 April 2015. There are a number of different circumstances which count as ‘flexible access’ and which therefore trigger the MPAA.

HMRC introduced the MPAA to limit the extent to which pension savings can be recycled to take advantage of tax relief, which is not within the spirit of the pension tax system. Once triggered the MPAA imposes a limit restricting the level of tax efficient pension contributions that can be made to a money purchase/defined contribution pension arrangement, like the Plan, in any tax year, before additional tax charges arise.

Some of the more common trigger events include withdrawing income from a flexi-access pension drawdown vehicle, or taking part of your defined contribution funds as a partly taxable lump sum, known as an Uncrystallised Funds Pension Lump Sum or UFPLS. However, receiving either a completely tax-free cash lump sum on retirement or a small lump sum trivial commutation (from a defined contribution scheme) does not trigger the MPAA. For a more detailed list of the trigger events you should refer to HMRC’s guide or check with your scheme administrator.

How much is the MPAA?

The MPAA was £10,000 in tax years 2015/16 and 2016/17, although in certain circumstances a special MPAA of £20,000 could apply for 2015/16. From tax year 2017/18 onwards, the MPAA has been reduced to £4,000.

How will I know if I have triggered the MPAA, and who do I need to tell?

If you trigger the MPAA as a result of flexibly accessing benefits for the first time in a particular pension scheme, the administrator of that pension scheme must advise you within 31 days of the event that you are now subject to the MPAA, and provide certain prescribed information.

How does the MPAA interact with the AA/TAA?

The AA and TAA govern the maximum available scope for tax-effective annual pension savings to all types of pension arrangement (including defined benefit, cash balance and defined contribution), whereas the MPAA applies only to the value of pension savings to defined contribution/hybrid arrangements.

Note that unlike the AA/TAA the carry forward facility is not available under the MPAA.

Important

Once notified that you are subject to the MPAA, then you must, within 91 days of receiving that notice, notify all other money purchase/cash balance/hybrid registered schemes in which you are currently accruing benefits that you are now subject to the MPAA and the date on which this occurred. **You may be subject to fines from HMRC if you do not do this.**

The Money Purchase Annual Allowance (MPAA)

Example: MPAA

Janet expects her UK taxable income in the 2019/20 tax year to be in excess of £260,000 and therefore she expects to be subject to the full tapering of the Annual Allowance. Her TAA for the 2019/20 tax year is £10,000.

However Janet was told that she had triggered the MPAA in 2018/19 as a result of accessing flexible benefits in another pension scheme. Therefore she is now subject to the MPAA going forward, meaning that her scope to make annual tax-efficient pension savings to any money purchase/defined contribution pension arrangement in the 2019/20 tax year and future years is limited to £4,000.

As she is subject to the MPAA (which is less than her TAA), Janet would also have an 'Alternative' Annual Allowance governing the value of pension rights she could build up in non-money purchase pension arrangements (e.g. defined benefit) in the year without an annual allowance charge applying. Janet's 'Alternative' Annual Allowance in the 2019/20 tax year is £6,000 (i.e. her TAA of £10,000 less the MPAA of £4,000), noting that if Janet did not fully utilise her MPAA, her Alternative AA would increase accordingly.

For example if Janet saves £2,000 into a money purchase/defined contribution scheme during 2019/20 then her Alternative AA would be £8,000 i.e. £10,000 minus the lower of her money purchase pension savings of £2,000 and her MPAA of £4,000.

If Janet had instead saved £6,000 into a money purchase/defined contribution scheme during 2019/20 then her Alternative AA would be £6,000 i.e. £10,000 minus the lower of her money purchase pension savings of £6,000 and her MPAA of £4,000. She would also have incurred an Annual Allowance charge, based on the £2,000 of excess money purchase pension saving made over her available MPAA.

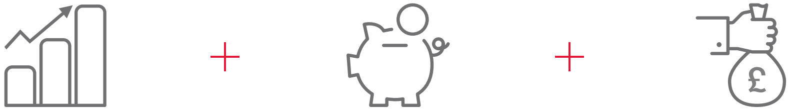
What if I trigger the MPAA during the course of a tax year?

If a trigger event occurs during a tax year then, in general, the individual becomes subject to the MPAA rules from the day after the trigger event occurred. In the first year that the MPAA rules apply, any money purchase savings that have been made prior to triggering the rules will not be subject to the MPAA. However the MPAA will continue to apply for the individual in respect of all future tax years.

The Lifetime Allowance (LTA)

This is the total value of tax-efficient pension savings that you can build up in UK registered pension schemes (and certain tax relieved overseas schemes) over your working lifetime. An additional tax charge applies on pension savings that exceed the LTA at the point they are taken.

What pension benefits are measured against the LTA at retirement?



Defined Contribution (DC) fund value at retirement

20 x Defined Benefit (DB) annual pension amount at retirement*

Tax-free cash lump sum

*After reduction for any DB pension exchanged for tax-free cash.

Note: If you take different pension benefits at different times, the value of the new benefits being put into payment are tested against your (remaining) LTA.

How much is the current LTA?

The LTA was £1,000,000 with effect from April 2016. From April 2018, it increases each year in line with the Consumer Price Index. This means that in April 2018, the LTA increased to £1,030,000 and in April 2019, it increased to £1,055,000.

Important

Unlike the Annual Allowance (AA) which is tested against your pension savings each year, the LTA is only tested when you take your pension benefits (although, where you delay taking pension benefits, LTA testing may occur when you reach age 75, even if you do not take your benefit then).

Example: Value of benefits

When Julius retires, his DC fund value in the Plan is £500,000.

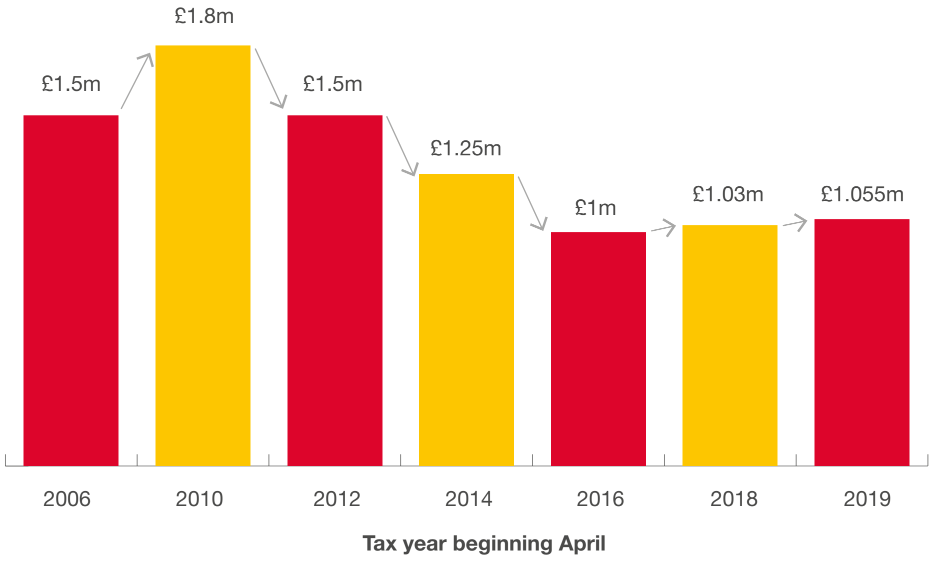
In addition, he also has a DB pension that he puts into payment at the same time. His DB pension is £25,000 a year, however he chooses to exchange £5,000 a year of his DB pension to receive a tax-free cash lump sum of £100,000. This means his DB pension (after taking cash) is £20,000 a year.

The value of his pension benefits for LTA purposes is therefore £1 million (i.e. £500,000 + (20 x £20,000) + £100,000).

The Lifetime Allowance (LTA)

How has the LTA evolved?

Similar to the AA, the LTA has undergone multiple changes since it was introduced in 2006. These are shown in the chart below.



Example: LTA tax charge

Jessie retires on 1 June 2019 and has a DC fund value of £1.355 million. Her benefits exceed the LTA of £1.055 million by £300,000 (her 'excess benefits').

Jessie chooses to take her excess benefits as a single lump sum, so an LTA tax charge of £165,000 is due on the excess (using the tax rate of 55%) which is paid by the Plan. The balance of the excess (£135,000) is available to Jessie as a lump sum, which is not subject to any further tax.

What is the tax charge?

There is an additional tax charge on any pension savings in excess of the LTA when they are brought into payment. This is currently either:

- a one-off tax of 25%, where the remaining excess benefits are taken as taxable income (and thereafter will also be subject to income tax in the normal way), or
- a one-off tax of 55% where the remaining excess benefits over the LTA are taken as a single lump sum payment, with no further tax to pay. (The 55% one-off tax rate is equal to an LTA tax charge of 25% + 40% income tax in payment.)

If you expect your marginal tax rate in retirement to be lower than 40%, the first option may be more tax advantageous. Currently the Plan offers both options at retirement, however please note that this may not be the case for all pension arrangements you may have.

What happens to the LTA if I have worked overseas?

There are special rules regarding the Lifetime Allowance (LTA), and you may be entitled to apply for an enhancement to your LTA. HMRC allow this enhancement because, when working overseas, you would not have received any UK tax relief on the benefits built up. Therefore, if you think you are eligible, you should consider whether it is worth applying for an 'overseas enhancement factor'.

Note that the rules surrounding this overseas enhancement are complicated and depend on the nature of your employment and the tax rules, however there are deadlines related to the submission of any applications. Further guidance can be found in HMRC's pension tax manual. If you believe you may be eligible you should seek specialist tax advice.

Important

Unlike the AA, the Plan will deduct any LTA tax charge automatically from your benefits and pay it to HMRC before your benefits (reduced accordingly) are paid to you. There is no option for you to settle the LTA tax charge yourself.

The Lifetime Allowance (LTA)

Who is affected?

It is difficult to accurately assess the potential impact of the LTA before you are relatively close to taking your benefits as there are a number of factors to consider:

- retiring early/late will result in less/more contributions into your DC funds, as well as affect the time period in which you'll receive investment returns on DC funds;
- your investment fund choices will influence the level of investment return on your DC funds which will be a contributing factor to the size of your DC fund at retirement;
- taking DB benefits early or late will mean they are reduced/increased for early/late payment (where applicable);
- whether you elect to take an optional cash lump sum by giving up some DB pension (where applicable);
- whether your pension benefits are split on divorce (where applicable);
- whether your benefits have been reduced to meet AA tax charges via Scheme Pays (see Working out your AA: A step-by-step guide, Step 5 for more about this option);
- whether you are taking phased retirement.

LTA protection options

When the LTA was first introduced and subsequently each time it has reduced in value, LTA protections were available for eligible individuals to preserve a higher level of LTA. Currently, if you do not already have one of those protections, the only remaining LTA protection option that may be applied for is Individual Protection 2016.

As a guide

If the value of your benefits against the LTA is currently £750,000 or more, and you are 10 years or more away from retirement, you may wish to consider the potential impact of the LTA on your benefits at retirement.

Individual Protection 2016

If you had pension savings (from the Plan and any other pension arrangements combined) that were valued at over £1 million at 5 April 2016, then you can register for an individual protected LTA equal to the value of your pension savings at that date (subject to a maximum of £1.25 million).

With this protection, you can continue to make future savings into a pension scheme, but any benefits built up in excess of your individual LTA, at the point these are brought into payment, would be subject to the same LTA tax charges described above. This level of protection is retained until the standard LTA rises to more than your individual LTA.

You can register for Individual Protection 2016 at **www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance#individual-protection-2016**

Unlike previous LTA protections, no certificates are now issued – only an online response and a protection reference number. If you have a LTA protection you will need to ensure that you provide details of this to the administrators for any pension scheme in which you have benefits, so that it can be taken into account before your benefits are paid.

Your Plan options if you're affected by the LTA

There are two alternative options for members affected by LTA issues.

1. Opt out of the Plan fully and receive a cash allowance

You can choose this option, provided the total value of your pension savings built up to date is either:

- greater than £750,000
- greater than £500,000 and you have impartial financial advice to support a decision to stop ongoing pension savings.

Through this option:

- You will be eligible for a cash allowance of 10.5% of your pensionable salary. (10.5% is the equivalent in cost to the core and maximum Employer Matched contributions of 12%, after allowance for the additional National Insurance the Company will pay on the cash allowance.)
- You would stop paying any contributions to the Plan you were paying previously.
- There will be no change to your level of lump sum life assurance benefit. However, you will cease to be covered for the dependants' death-in-service pension and will become a life only member of the Plan. The table below provides a comparison between the current **death-in-service benefits** as an active member of the Plan (including in the Restricted Annual Allowance section) and having opted out of the Plan for LTA purposes in favour of a cash allowance.

Active member – continuing membership and not opting out	Life only member having opted out of the Plan
- A lump sum representing the value of any contributions made by you, including any incentive deferral contributions. - A lump sum benefit of 4 times your pensionable salary as at date of death. - A spouse's pension of 25% of your pensionable salary as at date of death. - Children's pension (for any child under age 18 or under age 23 if in full-time education) of 12.5% if there is one child. If there is more than one child, the total pension payable will be equal to 12.5% of pensionable salary plus 6.25% for each additional child up to a maximum of three. When in payment, the total pension payable is usually split equally across all children that are entitled to this benefit.	- A lump sum benefit of 4 times your pensionable salary as at date of death while in service. - The Trustee shall use the value of your account (the value of contributions made by you and the Company) to provide a lump sum and/or pension to one of your spouse, dependants or dependent children as you decide.

If you wish to enter the Opt Out and Cash Allowance section of the Plan, but have external benefits, you will need to confirm this to the Plan's administrator to proceed. This will need to be provided from the other scheme (either directly or from yourself) in the format of either your most recent Annual Benefit Statement, a Fund Statement, information clearly taken directly from the plan website, or provided by the other scheme's administration team. To validate the request, the information cannot be confirmed by yourself.

If these benefits are held in the JPMC UK Retirement Plan please advise the Plan administrator and this information can be requested on your behalf.

2. Join the Restricted Annual Allowance (RAA) section

Provided you meet the criteria for full opt-out (option 1), you may elect to join the RAA section of the Plan, which would not affect your current death-in-service benefits. However as you would continue to build up new pension savings, at a reduced rate, there is a greater likelihood of your benefits exceeding the LTA at retirement. More detail on the RAA section is provided in Your Plan options if you're affected by the AA.

Important

You cannot elect to opt out of the Plan retrospectively. The change will be effective from the month following your application.

How tax-effective are pension savings under the current pensions tax regime?

This section aims to help you understand the impact of pension-related taxes and the taxation of one of the alternatives available. To do so, the table on page 35 is a high-level illustration of the tax efficiency of pension contributions to the Plan, and how this may change when members are impacted by the AA and/or LTA.

Let's assume that an example member of the Plan has a 40% marginal income tax rate before retirement and also a 40% marginal income tax rate in retirement, and that at retirement, this member would also take 25% of their Plan DC fund as a tax-free lump sum. The table on the next page sets out the value, net of taxes, for this example member for each extra £100 of pension contribution the employer puts in the Plan under various scenarios (ignoring investment returns).

This table shows that making further pension contributions where these are above both the AA and LTA is generally not tax efficient. For the members impacted by one or both of the allowances, joining the RAA section (See Your Plan options if you're affected by the AA) could be a more tax-efficient option.

Please note

If you have worked abroad since April 2016 (or are still working abroad), different tax rates and calculations may apply to you, for AA purposes, and you should seek specialist tax advice.

Similarly if you have worked overseas, depending on eligibility, you may be eligible for an enhancement to your LTA, and you should seek specialist tax advice.

How tax-effective are pension savings under the current pensions tax regime?

Scenario	Net benefit to member from extra £100 employer pension contribution	Comment
The member is not impacted by either the AA or the LTA	**£70**	No tax pre-retirement, 40% income tax in retirement on 75% of the fund
The member is impacted by the AA but not the LTA (and the £100 is fully in excess of the AA)	**£42**	40% AA tax pre-retirement and 40% tax in retirement on 75% of the fund
The member is impacted by the LTA but not the AA (and the £100 is fully in excess of the LTA)	**£45**	No tax pre-retirement, 55% LTA tax in retirement
The member is impacted by both the AA and LTA (and the £100 is fully in excess of the AA and LTA)	**£27**	40% AA tax pre-retirement and 55% LTA tax in retirement
The member is impacted by the AA so joins the Restricted Annual Allowance section and receives £88 (£100 less 13.8% employer National Insurance Contributions) as a cash allowance	**£51**	13.8% deduction for Employer National Insurance then 40% income tax pre-retirement + 2% Employee National Insurance contributions

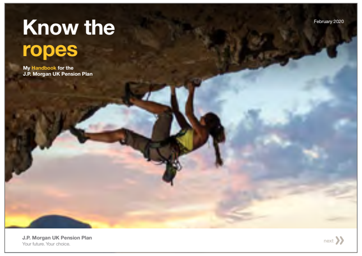
Important

Note that the illustrations are prepared on the basis of the current pension and income taxation system in the UK. Taxation systems may change, and as a result the relative attractiveness of one form of savings over another may also change. In addition, your own personal taxation position may be different. Also, different conclusions may arise depending on relative investment returns available on savings inside or outside a pension arrangement. Therefore any decision to take action in relation to your current pension savings should not be considered solely on the basis of the simplified illustrations above – you should seek financial advice.

Resources

We recognise that you will need different sources of information at different times. So, you might be interested to know about the ways in which you can access information to help you plan for your retirement.

Library



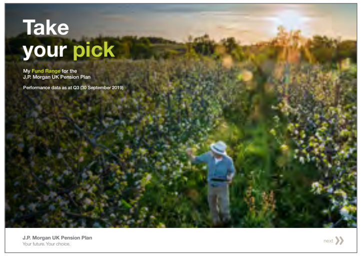
Know the ropes

My Handbook for the J.P. Morgan UK Pension Plan

February 2020

My Handbook

Covers many of the same themes as My Quick Guide, but gives you further details around: how the Plan works; the types of contributions you can make to your pension account; what happens when you retire, including all the options available to you; what happens if you die while in service, or after you retire; and the State Pension benefits.



Take your pick

My Fund Range for the J.P. Morgan UK Pension Plan

Performance data as at Q3 (30 September 2019)

My Fund Range

Looks in detail at the performance and objectives of each of the funds available in the Plan, plus it includes: detail about the Default Option and your choices within it; information around risk; guidance on how to make your investment choices on **MyPension**; and contact details of the fund managers responsible for each of the funds available in the Plan.

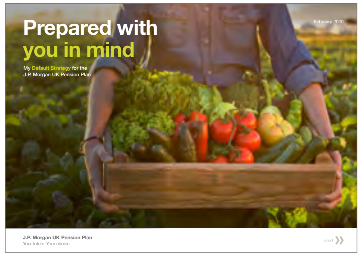
Tending to your future

My Investments for the J.P. Morgan UK Pension Plan

February 2020

My Investments

Gives you an overview of the important things to consider when investing, plus it includes: the different types of investments available; an introduction to the types of risk; the investment options available to you within the Plan.



Prepared with you in mind

My Default Strategy for the J.P. Morgan UK Pension Plan

February 2020

My Default Strategy

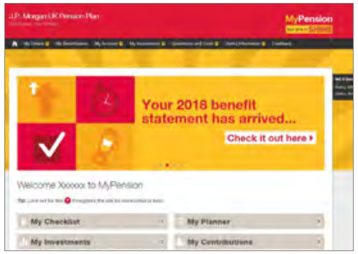
Explains how the Default Strategy works. It outlines: the options you have within this strategy; an explanation of blended funds; and how the Default Strategy can align with the different ways in which you can access your benefits.

You can find all of these guides in the Plan library on MyPension and on MyPensionTools.

Please note: historic versions of some of these documents have listed funds' ISIN and SEDOL codes (where available) to allow members to monitor funds themselves. Following the move to the LGIM investment platform in September 2017, fund codes are no longer available for the platform version of the Plan's funds. However, since the platform funds are invested in the non-platform equivalents, the codes for the non-platform versions of these funds will still be made available to provide indicative information. Please note, there may be differences between the reported performance of platform and non-platform versions of the funds due to differences in applicable fees, performance measurement and pricing methodology.

Resources

Tools



MyPension

Log on to keep on top of your pension account by checking your fund value and investment choices. You can also use the new MyPlanner to model a whole range of scenarios for funding your future. The **MyPension App** is also available to download on your smartphone.

MyPension Tools

Visit **www.mypensiontools.co.uk** to access the Contributions Calculator, a simple tool to help you to work out the net cost of increasing your contributions. With savings in tax and National Insurance, it might cost you much less than you think.

ELEMENTS

Your flexible benefits website where you can update your contribution rate every 3 months. You can access the ELEMENTS website through My Rewards:

From work: **me@jpmc**

From home:
https://myrewards.jpmorganchase.com

If you require more information, you should contact the Plan's administrator (contact details on page 38).

- ✓ Add your personal email address
- ✓ Set your mailing preferences
- ✗ Monitor your nomination form

MyChecklist

MyChecklist helps you keep track of the important tasks you should keep on top of, to make sure you're getting the most out of you account. Log on to **MyPension**: add your personal email address, set your mailing preferences, monitor your nomination form

You can find all of these guides in the Plan library on MyPension and on MyPensionTools.

Contacts and other help available

Contact the Plan's administrator

If you're not able to get all the information you need from **MyPension**, you should contact Willis Towers Watson, the Plan's administrator.

J.P. Morgan UK Pension Plan
Willis Towers Watson
PO Box 545
Redhill
Surrey RH1 1YX

Dedicated helpline: **01737 227589** (Monday to Friday, 9am to 5pm)

jpmukpension@willistowerswatson.com

Please note that when you contact the Plan's administrator, you will be asked a number of security questions to validate your identity. One of these checks will be to confirm your National Insurance number, so please try to have this at hand when you call the helpline.

Useful links

If you are still employed by the Company, you can visit the following intranet page:
Me@jpmc > Pay summary > Tax

Restricted Annual Allowance (RAA) Form:
https://epa.towerswatson.com/doc/JMC/res-ann-all.pdf

Opt-out Form: **https://epa.towerswatson.com/doc/JMC/optoutca.pdf**

Access MyRewards at: **https://myrewards.jpmorganchase.com**

Visit ELEMENTS to review your contributions
(if you are still actively contributing to the Plan).

Sign up to a WEALTH at work seminar to understand the options available to you.

Other Company Pension Schemes

For former members of the Cazenove Scheme:

JPMorgan Cazenove (1987) Pension Scheme
Aon Hewitt Limited
PO Box 196
Huddersfield HD8 1EG

0333 207 9436

cazenove.jp.morgan@aonhewitt.com

For former members of the JPMC UK Retirement Plan:

JPMC UK Retirement Plan
Mercer Limited Westgate House
52 Westgate
Chichester PO19 3HF

01243 522180

jpmukpension.admin@mercer.com

For former members of the International Pension Plan:

RBC cees Limited
Gaspé House
66-72 Esplanade
St. Helier
Jersey JE2 3QT

01534 602067

teamjpmorgan@rbc.com

Contacts and other help available

HMRC guidance

Annual Allowance calculator:
www.tax.service.gov.uk/pension-annual-allowance-calculator

Information about the Annual Allowance:
www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance

Information about the Lifetime Allowance:
www.gov.uk/tax-on-your-private-pension/lifetime-allowance

Information about Individual Protection 2016 (and other protections):
www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance#individual-protection-2016

Financial advice

Neither the Company nor the Trustee of the Plan are able to provide you with financial advice. If you need financial advice, you should contact an impartial financial adviser for more details. You can visit the link below for details of financial advisers:
http://yourmoney.moneyadviceservice.org.uk

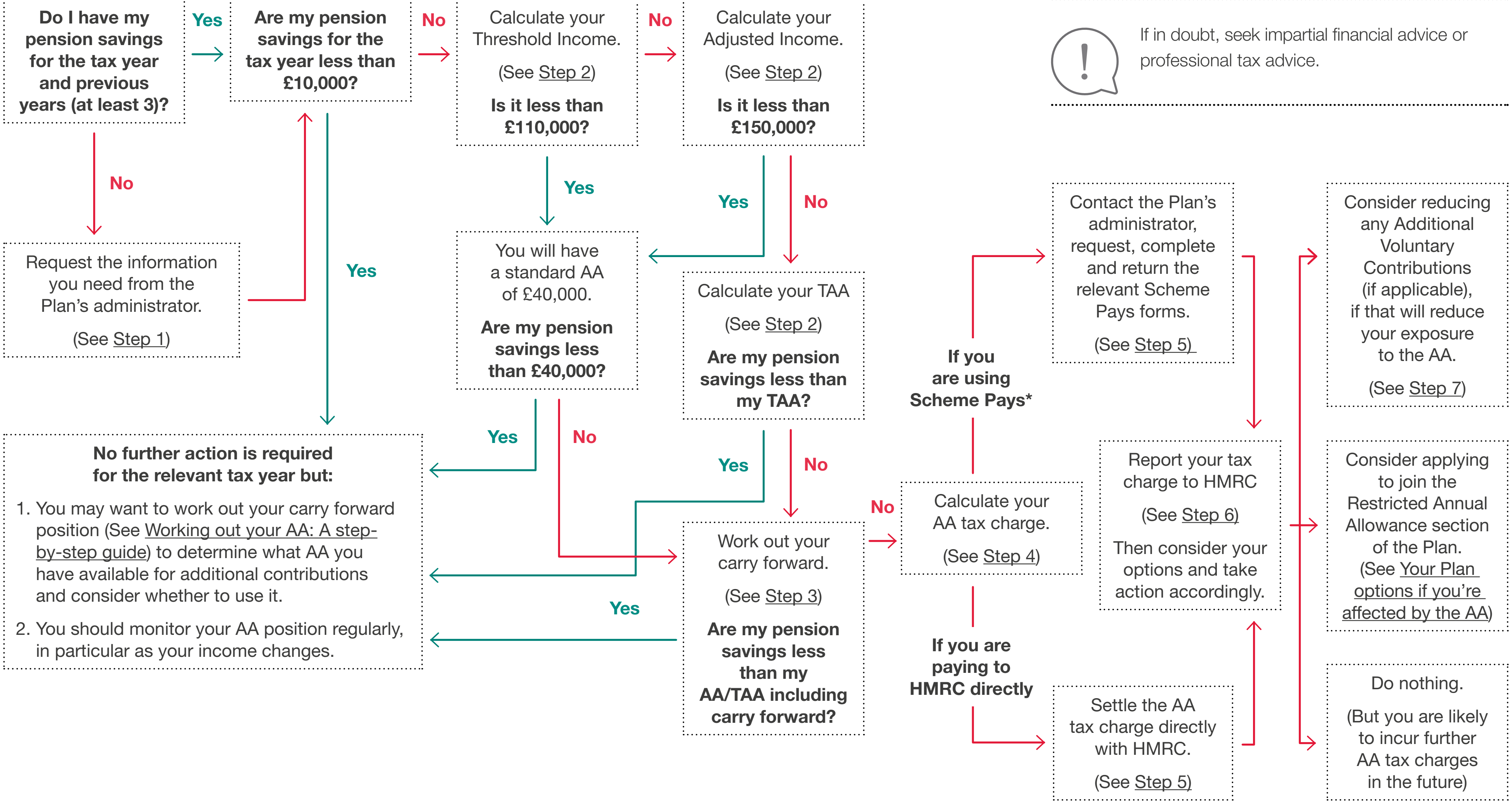
It is entirely at your own discretion if and who you choose, and neither the Company nor the Trustee of the Plan can recommend you an adviser.

Appendix A

'Am I affected by the AA?'

Remember

If in doubt, seek impartial financial advice or professional tax advice.



Do I have my pension savings for the tax year and previous years (at least 3)?

Yes

Are my pension savings for the tax year less than £10,000?

No

Calculate your Threshold Income.

(See Step 2)

Is it less than £110,000?

No

Calculate your Adjusted Income.

(See Step 2)

Is it less than £150,000?

No

Request the information you need from the Plan's administrator.

(See Step 1)

Yes

Yes

You will have a standard AA of £40,000.

Are my pension savings less than £40,000?

Yes

No

Calculate your TAA

(See Step 2)

Are my pension savings less than my TAA?

No further action is required for the relevant tax year but:

1. You may want to work out your carry forward position (See Working out your AA: A step-by-step guide) to determine what AA you have available for additional contributions and consider whether to use it.
2. You should monitor your AA position regularly, in particular as your income changes.

Yes

No

Yes

No

Yes

Work out your carry forward.

(See Step 3)

Are my pension savings less than my AA/TAA including carry forward?

No

Calculate your AA tax charge.

(See Step 4)

If you are using Scheme Pays*

If you are paying to HMRC directly

Contact the Plan's administrator, request, complete and return the relevant Scheme Pays forms.

(See Step 5)

Settle the AA tax charge directly with HMRC.

(See Step 5)

Report your tax charge to HMRC

(See Step 6)

Then consider your options and take action accordingly.

Consider reducing any Additional Voluntary Contributions (if applicable), if that will reduce your exposure to the AA.

(See Step 7)

Consider applying to join the Restricted Annual Allowance section of the Plan. (See Your Plan options if you're affected by the AA)

Do nothing.

(But you are likely to incur further AA tax charges in the future)

*Note your tax charge needs to be £500 or more to use this option.

Appendix B

Frequently asked questions

Contributions, Tapered Annual Allowance (TAA) and carry forward

Q **I have additional taxable income outside of my Company employment, how would this affect my position?**

A This will impact the calculation of your Threshold (and potentially Adjusted) Income.

Read more: Tapered Annual Allowance
Working out your AA – Step 2

Q **What is my available carry forward?**

A If you don't have your pension savings history, you need to request it from the Plan's administrator. If you have contributed to other pension arrangements outside the Plan, you will need to request this data as well and incorporate it in your calculations. You can use the AA worksheet template or the HMRC calculator **www.tax.service.gov.uk/pension-annual-allowance-calculator** to help you with the calculation.

Read more: Working out your AA – Steps 1-3

Q **I am currently paying Additional Voluntary Contributions (AVCs), should I stop paying them?**

A It will depend on your level of TAA and any available carry forward you may have. You should follow the AA worksheet template to work out how much unused TAA and carry forward you still have available to be able to continue paying AVCs. Please seek impartial financial advice if you are considering making significant changes to your pension arrangements.

Read more: Working out your AA – Steps 1-3

Q **Based on my earnings figures I expect I will have a £10,000 TAA. I currently only receive Core Employer contributions, but was planning to start making Matched contributions this year. How will this affect my position, and what options do I have?**

A If you have available carry forward, check if this is sufficient to cover any increase in contributions you plan to make. Once any available carry forward is used up, increasing your contributions to the Plan is likely to incur AA tax charges. If you are affected by the AA, it is generally more tax efficient to join the Restricted Annual Allowance section, however you should seek financial advice.

Read more: Working out your AA – steps 1-3
Your Plan options if you're affected by the AA
How tax effective are pension savings under the current pensions tax regime?

Q **Will my existing investment choices in the main section be automatically followed for contributions to the Restricted Annual Allowance section?**

A Yes, they will be mapped across.

Q **Do I need to arrange to stop my contributions if I am moving section?**

A No, by completing the request to enter the Restricted Annual Allowance Section, or by Opting Out of the Plan With Cash Allowance your contributions will automatically be reduced to the appropriate level from the agreed date and you do not need to instruct this change in contributions via any other method, including in ELEMENTS.

Q **I am likely to be sent on secondment next year to another country/overseas, how will this affect my pension savings in the UK?**

A It may be complicated – please refer to the notes under 'What if I have worked Overseas?' within The Tapered Annual Allowance (TAA) and seek specialist advice as required.

Appendix B

Frequently asked questions

Restricted Annual Allowance (RAA) Section and opting out of the Plan

Q **I understand some employees receive a cash allowance in lieu of pension contributions, but this offer has not been made available to me. Why can I not access the cash alternative, as I would prefer to have cash rather than pension savings?**

A Unless you are impacted by the AA and/or LTA, it is generally most tax efficient for you to make savings through the Plan. If you are impacted, however, you are likely to be eligible for one of the cash allowance options. The Company will not provide you with a cash allowance in lieu of pension if you are not impacted by the AA or LTA.

Read more: Your Plan options if you're affected by the AA
Your Plan options if you're affected by the LTA

Q **The variability in my earnings may mean that I am not always affected by the TAA, am I able to switch back to the main Plan section in future if I opt out?**

A In principle, yes – although you will need agreement from the Company. You should monitor your position regularly, following the steps set out in Working out your AA: a step-by-step guide of this guide, and seek impartial financial advice.

Read more: Tapered Annual Allowance
Working out your AA: a step-by-step guide
Your Plan options if you're affected by the AA

Q **Can I choose to opt-out during the year, or is the option only available as a one-off at the start of the tax year?**

A You can opt out throughout the course of the tax year, subject to applying at the correct time and therefore meeting the required deadline for payroll in the relevant month. The Plan cannot accept retrospective applications to join the RAA section, or to opt-out of the Plan fully. It is therefore important to check your position and plan ahead accordingly.

Read more: Your Plan options if you're affected by the AA
Your Plan options if you're affected by the LTA

Appendix B

Frequently asked questions

Lifetime Allowance (LTA)

Q **I have benefits in the J.P. Morgan UK Retirement Plan/2006 International Plan/ Cazenove Scheme/from a previous employer, should these be taken into account?**

A Yes, for LTA purposes all pension benefits in UK registered pension schemes (or UK tax-approved overseas pension schemes) should be taken into account.

Read more: Lifetime Allowance
Your Plan options if you're affected by the LTA

Q **I remained a member of the Plan/other UK pension scheme whilst working abroad in the US/elsewhere, how do these affect my position?**

A If you worked abroad but remained a member of a UK registered pension scheme, you may be eligible for an enhancement to your Lifetime Allowance. See information under 'What happens to the LTA if I have worked overseas?'.

You may also, in certain circumstances, be eligible for an enhancement to your Lifetime Allowance if you previously made a transfer payment from a non-UK pension plan to the Plan/other UK registered pension scheme.

Q **I have benefits in the 1996 International Plan and/or the 2006 International Plan, should these be taken into account?**

A For LTA purposes:

(a) benefits under the 1996 IPP do not need to be taken into account; but

(b) benefits under the 2006 IPP should be taken into account, insofar as (broadly speaking) referable to the UK tax relieved contributions previously made to such plan – the precise rules are complex and you should seek appropriate professional advice.

Q **I have benefits in another non-UK pension plan from my time working abroad in the US/elsewhere, how do these affect my position?**

A These generally should not affect your LTA position, unless any UK tax relieved contributions were made to such plan after 5 April 2006 (this is unlikely if you were a non-UK resident and worked outside the UK at all relevant times).

If any such contributions were made, then benefits under the plan should be taken into account insofar as (broadly speaking) referable to such contributions.

Q **I am receiving a State Pension, does this affect my LTA**

A No, the UK State Pension does not count towards the LTA.

Q **My benefits are almost above the LTA. Can I take early retirement (as I am over age 55) and remain in employment, receiving the cash allowance instead?**

A Typically yes – although you will need to opt out of the Plan first. Note that this will affect your current death-in-service benefit entitlement. To action this, please contact the Plan's administrator regarding the process for flexible retirement.

Read more: Your Plan options if you're affected by the LTA

Appendix B

Frequently asked questions

Lifetime Allowance (LTA)

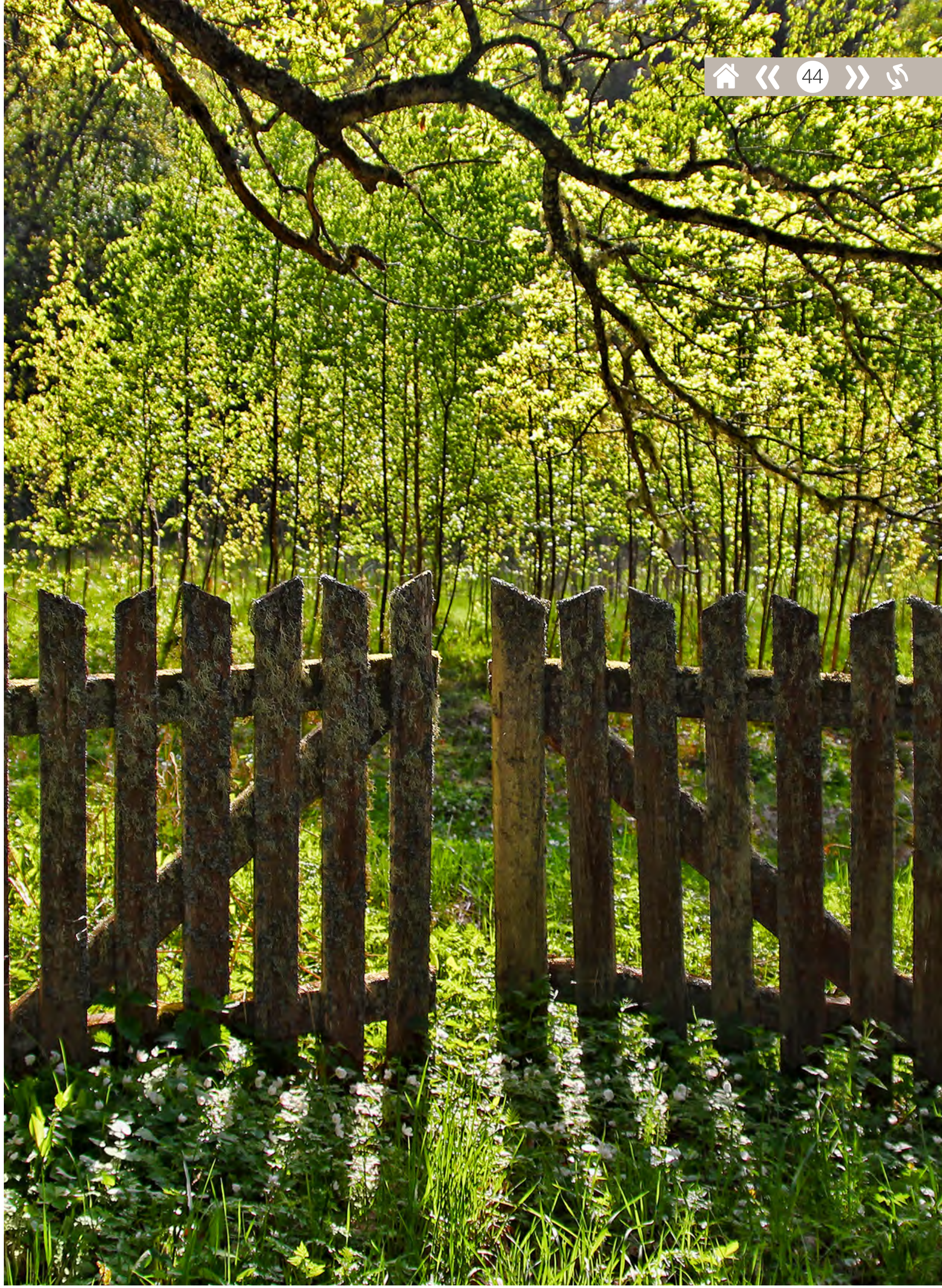
Q **Should I opt for LTA protection and if so, which one?**

A Unless you have a previous LTA protection in place, the only protection you are likely to be able to apply for now is Individual Protection 2016 (subject to eligibility). Neither the Trustee of the Plan or the Company can give you tax advice and you should seek professional advice.

Related sections of this guide: Lifetime Allowance

Q **My current DC fund is valued at less than 50% of the LTA, but I am only in my mid 30's. With reasonable investment return, my DC fund would exceed the LTA at age 60. Can I opt out now and receive the salary allowance?**

A No. Given the time to retirement and hence longer-term uncertainty over growth of funds, potential future changes to tax treatment over time, the current opt out alternatives are structured primarily for those who are closer to the LTA now.



Appendix C

AA Worksheet Template

You can use this worksheet to help you calculate whether you are affected by the AA and to calculate any tax charges already incurred, or estimates of tax charges that could be incurred in future years. If you are affected by the TAA you will need to work through the following worksheet for each of the tax years from 2016/17 onwards.

In order to use this worksheet, you should have all the relevant information as described in Step 1. Remember that you need to allow for pension savings outside the Plan (including in previous tax years) where applicable. All relevant Plan information is held on **MyPension**. Please use the guide below to locate where this information can be found.

Data item	Location on MyPension
SID	My Details – Personal Details
Date Joined Plan	My Details – Personal Details
Current basic salary	My Details – Personal Details
Current pensionable salary	My Details – Personal Details
Current fund value	My Account – Current Balance
Current contribution rates	My Account – Contribution Choices (any changes in contributions are updated at the end of that month to which they apply).
Total contributions Year to Date	My Account – Transaction History. You will need to total the monthly contributions, for period starting 6 April to current date, and include any one-off lump sum contributions. Please exclude transfers in.
Pensions Savings Figures	My Account – Pensions Savings – Annual Allowance. Please be aware that these are generally loaded in September after the tax year end.

Please note

This template is prepared for Plan members who have only worked in the UK and have contributed to UK pension arrangements in the period under consideration for pensions tax purposes. If, for example, you have worked abroad in that period (or are still working abroad) different tax rates and calculations may apply to you and you should seek specialist tax advice.

Remember

Next, you need to determine your Threshold Income, Adjusted Income and hence AA for the relevant tax year.

Appendix C

AA Worksheet Template

1. Determine your Threshold Income

Item	Description	Relevant tax year (e.g. 2019/20)
P60 income for the relevant tax year Ⓐ	This will typically cover your income from the Company that is subject to income tax including salary and bonus, any commission and benefits in kind received, but will already exclude the value of regular pension contributions you have personally made to the Company pension arrangements[1]	£
P11d benefits for the relevant tax year Ⓑ	If not already included in your P60 income	£
Other income outside JPM for the relevant tax year Ⓒ	E.g. investment income (such as dividends), rental income, interest on savings etc.	£
Any personal pension contributions for the relevant tax year outside the Company pension arrangements Ⓓ	Any personal pension contributions you make from your net income (including the 20% tax relief automatically added)	£
Threshold Income Ⓔ	Ⓐ + Ⓑ + Ⓒ – Ⓓ	**£**

A worked example of a Threshold Income calculation is provided in The Tapered Annual Allowance (TAA).

[1] Please note, however, that any new salary sacrifice pension contributions 'made on or after 9 July 2015' will need to be added to your P60 income.

Important

The Threshold Income, Adjusted Income and tax charge calculations can be quite complex and are highly dependent on an individual's personal circumstances – we therefore recommend you seek specialist tax advice, especially if your taxable income comes from a variety of sources.

Next

If your Threshold Income in the relevant tax year is £110,000 or higher, then you should calculate your Adjusted Income using the template in Step 2.

If your Threshold Income in the relevant tax year is less than £110,000 then you will have the standard AA of £40,000 and will not need to proceed to Step 2 in relation to that tax year.

Appendix C

AA Worksheet Template

2. Determine your Adjusted Income

Item	**Relevant tax year (e.g. 2019/20)**
Threshold Income (from Step 1) Ⓔ	£
Any personal pension contributions for the relevant tax year outside the Company arrangements (from Step 1) Ⓓ	£
The total value of your pension savings, to Company pension arrangements* Ⓖ	£
Total value of all pension savings made in the relevant tax year Ⓗ = Ⓓ + Ⓖ	**£**
Adjusted Income Ⓘ = Ⓔ + Ⓗ	**£**

A worked example of an Adjusted Income calculation is provided in The Tapered Annual Allowance (TAA).

3. Calculate your AA (or TAA where applicable)

Adjusted/Threshold Income	**Annual Allowance**
If Adjusted Income Ⓘ is less than £150,000 OR Threshold Income Ⓔ is less than £110,000	£40,000
If Adjusted Income Ⓘ is £210,000 or higher	£10,000
If Adjusted Income Ⓘ is between £150,000 and £210,000	£40,000 – (Adjusted Income Ⓘ – £150,000) ÷ 2
Relevant tax year (e.g. 2019/20)	**£**
Annual Allowance for the relevant tax year Ⓙ	**£**

*Plan pension savings for prior tax years can be found on your Pension Savings Statement (if available) or requested from the Plan's administrator. If you are estimating your Plan pension savings for a future tax year, you can determine your total contributions as follows:

(Employer Core % + Employer Match % + Employee Match %) x Pensionable Salary + any Additional Voluntary Contributions (one off or regular) you are planning to make.

Do not include the value of any new salary sacrifice pension contributions 'made on or after 9 July 2015' as these will already be included in the calculation of Threshold Income under Step 1.

Please note

Your **Plan pensionable salary** would typically be the minimum of your basic salary (before any adjustments for flexible benefits) and the pensionable salary cap in the Plan (currently £141,000).

For the 2016/17 tax year, any employees who were active members of either the J.P. Morgan Cazenove (1987) Pension Scheme or the JPMorgan Chase 2006 International Pension Plan for part of that tax year will need to obtain the value of their pension savings made in the 2016/17 tax year to those arrangements from the relevant scheme administrators. Contact details can be found in Contacts and other help available.

Next

If your AA for the relevant tax year Ⓙ is higher than the total value of your pension savings (Ⓗ from Step 2), then you have not exceeded your AA and no AA tax charge would apply in the relevant tax year. However you may also wish to determine your carry forward using Step 4 so you understand how much you can save tax-efficiently in future tax years.

If the total value of your pension savings Ⓗ is higher than your AA for the relevant year Ⓙ, you will need to work out what carry forward you may have available from the three years preceding the relevant tax year, using Step 4 to determine whether an AA tax charge will apply.

Appendix C

AA Worksheet Template

4. Work out your carry forward

You can use the template tables in the AA Carry Forward Template to help you work out what (if any) carry forward of unused allowance you have going into the relevant tax year for which you are calculating your position. Alternatively, you can use the HMRC calculator at **www.tax.service.gov.uk/pension-annual-allowance-calculator**. Once you've worked out your Total Carry forward figure, continue to Step 5 to work out if you've exceeded the AA for your relevant tax year.

5. Check if your pension savings exceed your AA including carry forward for the relevant tax year

Maximum scope for pension savings Ⓜ = Ⓙ from Step 3. + Ⓛ* from Step 4 = £

If Ⓜ is higher than the total value of your pension savings Ⓗ from Step 2, then you have not exceeded your AA including carry forward and no AA tax charge would apply in the relevant tax year.

Otherwise, you will have an AA tax charge in the relevant tax year that you should calculate and arrange payment for (either via Scheme Pays or by paying it to HMRC directly).

Worked carry forward examples are set out in Working out your AA: A step-by-step guide.

*If you used the AA Carry Forward Worksheet this value is your Total Carry Forward.

Important

If you have exceeded your AA in any of the 3 prior years, you may need to go back further to calculate your applicable carry forward. As you will need to review your pension savings position over a longer period, use the HMRC calculator. You will need to know your Adjusted Income and pension savings history from Steps 1-2 in order to use it.

Next

If applicable, work your AA tax charge

Appendix C

AA Worksheet Template

6. Work out your AA tax charge

Worked AA tax charge examples are set out in Working out your AA: A step-by-step guide.

If you have used the HMRC calculator, some of the figures in the table below will already be calculated for you. A screenshot of the HMRC calculator example output is included on the next page for information.

Item	**Relevant tax year (e.g. 2019/20)**
Threshold Income (Ⓔ from Step 1)	£
Personal Allowance* Ⓝ	£
Income above personal allowance Ⓞ = Ⓔ – Ⓝ	£
Annual Allowance including carry forward (Ⓜ from Step 5)	£
Pension savings (Ⓗ from Step 2)	£
Excess over the Annual Allowance including carry forward, subject to tax Ⓟ = Ⓗ – Ⓜ	£
Taxable Income + Excess over the Annual Allowance Ⓠ = Ⓞ + Ⓟ	£
Excess to which 45%** tax would apply Ⓡ = Lower of (Ⓠ – £150,000) and Ⓟ, subject to an overall maximum of £0	£
Excess to which 40%** tax would apply Ⓢ = Ⓟ – Ⓡ	£
Annual Allowance tax charge for the relevant tax year Ⓣ = (0.45 x Ⓡ) + (0.40 x Ⓢ)**	**£**

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* Deduct £1 from the standard personal allowance (£12,500 for the 2019/20 tax year) for each £2 your Threshold Income (but ignoring any salary sacrifice pension contributions 'made on or after 9 July 2015' – as these will, notwithstanding their inclusion in Threshold Income, not be subject to UK income tax) exceeds the personal allowance erosion threshold (£100,000 for the 2019/20 tax year), subject to the Personal Allowance being no less than 0. For example, for the 2019/20 tax year and a Threshold Income of £120,000, then Ⓝ = £12,500 – (£120,000 – £100,000) ÷ 2 = £2,500. Note that the personal allowance and erosion threshold could change each tax year.

**The tax rates used for the example opposite apply to England, Wales, and Northern Ireland. Different rates apply for Scottish taxpayers (see page 21). Tax rates may change in future tax years.

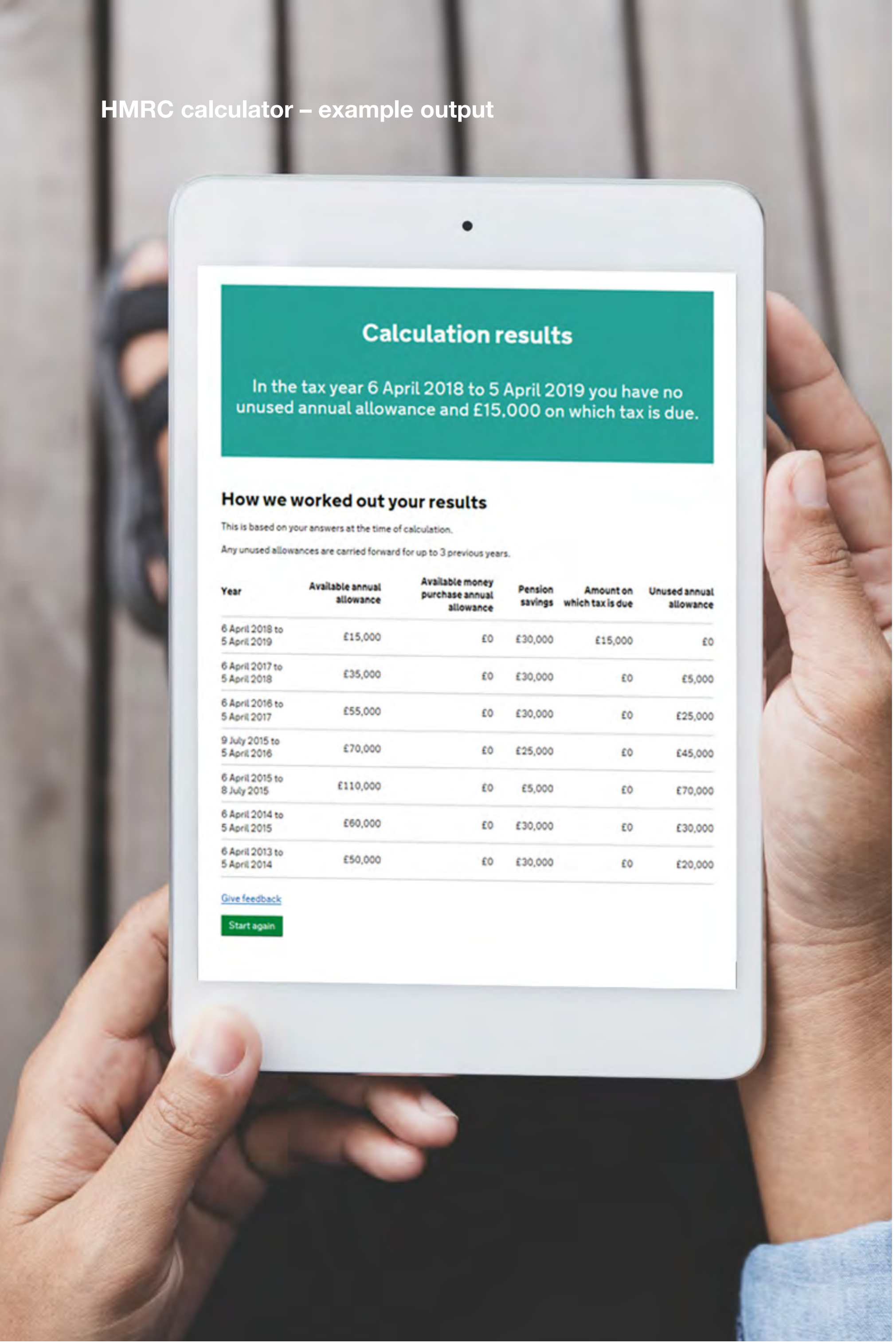
Visit

Further information on the personal allowance is available here: **www.gov.uk/government/publications/income-tax-personal-allowance-and-basic-rate-limit-from-2019-to-2020/income-tax-personal-allowance-and-basic-rate-limit-from-2019-20**

Next

Consider your next steps

HMRC calculator – example output



Calculation results

In the tax year 6 April 2018 to 5 April 2019 you have no unused annual allowance and £15,000 on which tax is due.

How we worked out your results

This is based on your answers at the time of calculation.

Any unused allowances are carried forward for up to 3 previous years.

Year	Available annual allowance	Available money purchase annual allowance	Pension savings	Amount on which tax is due	Unused annual allowance
6 April 2018 to 5 April 2019	£15,000	£0	£30,000	£15,000	£0
6 April 2017 to 5 April 2018	£35,000	£0	£30,000	£0	£5,000
6 April 2016 to 5 April 2017	£55,000	£0	£30,000	£0	£25,000
9 July 2015 to 5 April 2016	£70,000	£0	£25,000	£0	£45,000
6 April 2015 to 8 July 2015	£110,000	£0	£5,000	£0	£70,000
6 April 2014 to 5 April 2015	£60,000	£0	£30,000	£0	£30,000
6 April 2013 to 5 April 2014	£50,000	£0	£30,000	£0	£20,000

Appendix C

AA Worksheet Template

7. Next steps

If you have incurred an AA charge, you should refer back to Working out your AA: A step-by-step guide and Your Plan options if you're affected by the AA of the guide for further information on how to (1) report and pay this charge, and (2) for the alternative options available to you in respect of future pension savings under the Plan.

General Data Protection Regulation 2018

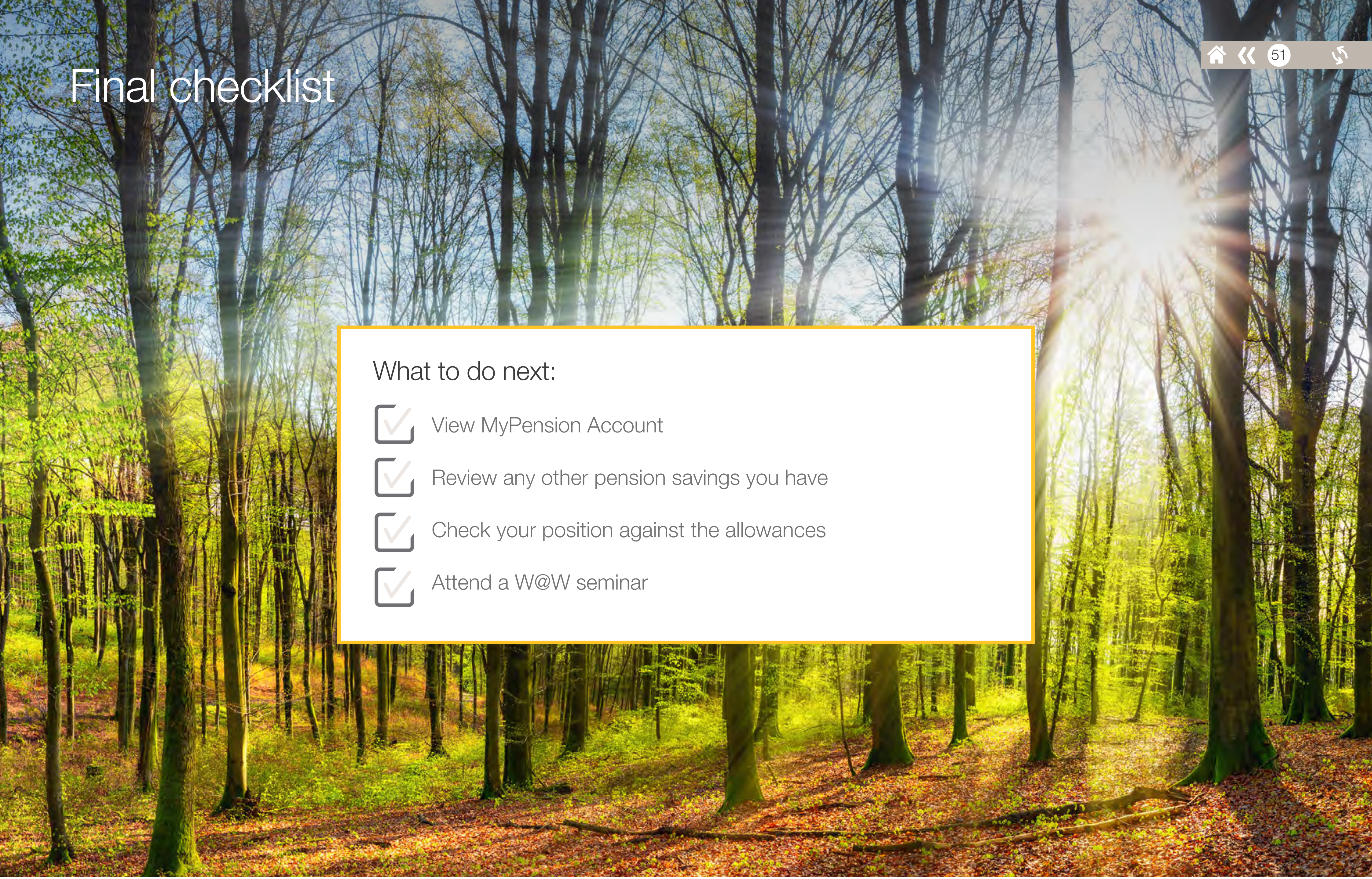
To run the Plan, we will collect and use your personal information for a range of purposes, including:

- To communicate with you in relation to your benefits and contributions and to circulate member-targeted communications
- To handle requests for transfers and allocation of death benefits in respect of both active and deferred members and to make disclosures at your request
- To deal with your enquiries and any complaint you may have
- To manage and govern the Plan, which includes the processing of nomination forms, member tracing and the making of disclosures to J.P. Morgan group of companies
- To comply with legal and regulatory requirements (in particular in relation to the Pensions Regulator) and to assist with the investigation or prevention of crime and fraud

It's important to know that we may also need to process sensitive personal data about you such as health data in the context of ill-health or incapacity cases. To make it easier for you to find out more about how we collect and use your personal information, we've created a 'Privacy Notice'. Please read the full Privacy Notice available on **MyPension** and **MyPensionTools**. If you would like a hard copy of the Privacy Notice issued to you by post, please call the Plan's administrator.

The Privacy Policy and any changes to the Privacy Notice will be reviewed from time to time to ensure they remain compliant with the relevant laws. We will let you know if any changes are made.

Final checklist



What to do next:

- ☑ View MyPension Account
- ☑ Review any other pension savings you have
- ☑ Check your position against the allowances
- ☑ Attend a W@W seminar