

THE MONEY PURCHASE ANNUAL ALLOWANCE: WHAT YOU NEED TO KNOW

If you have accessed any money purchase pension schemes, you may have triggered the Money Purchase Annual Allowance (MPAA). If you have, the amount you can pay in to your money purchase pensions each year will be limited to £10,000. You will have to pay income tax at your marginal rate on any contributions over this limit.

Tax rules can change and depend on your circumstances.

WHEN DOES THIS APPLY TO ME?

“I’ve not taken benefits from any pension schemes”	“I’ve taken benefits from one or more of my pension schemes”	“I’ve taken benefits, but I’m not paying more than £10,000 back into pensions”
<p>Then the MPAA doesn’t currently affect you. But you should find out about the MPAA before you decide to access your pension in the future.</p>	<p>You’ll need to find out whether the pension you’ve accessed was a money purchase pension scheme.</p> <p>If it was, you then need to find out whether you’ve flexibly accessed your pension. You can do this by reading our Annual Allowance Factsheet.</p> <p>If you’ve flexibly taken benefits from a money purchase pension scheme, the MPAA will apply. Your pension provider should have told you when you triggered the MPAA and the date from when your contributions were restricted. Check with them if you’re not sure.</p>	<p>If you are not contributing more than £10,000 to all your money purchase pension schemes each tax year, you won’t exceed the MPAA and don’t need to do anything. However, you should bear the MPAA in mind in case your salary increases or you decide to increase your contributions in future.</p>

WHAT DO I NEED TO DO NEXT?

For more information on the MPAA and when it applies, read our **Annual Allowance Factsheet**. You can find it at www.hl.co.uk/how-much-can-i-invest.

If you have any questions, you can contact us using the details below.

If you are affected by the MPAA, you might want to change your pension contributions. Please contact HR to make the necessary changes.

IMPORTANT INFORMATION

This factsheet is for your information only and is not personal advice. It is based on our current understanding of legislation and HMRC guidance, which can change. It is correct as at 16 March 2023. If you’re not sure whether a particular course of action is right for you, you should ask for financial advice. Tax rules can change and any benefits will depend on your circumstances. The value of investments can fall as well as rise, so you may get back less than you put in.