

Derek the director

On 5 April 2011 Derek has completed 20 years pensionable service in a scheme where pension benefit accrues on a 1/60th basis and a lump sum is available on commutation of pension only. His pensionable salary for that year is £150,000.

Derek's pensionable entitlement on that date is £50,000 ($20 \times 1/60\text{th} \times £150,000$). Therefore his opening value is £800,000 ($16 \times £50,000$).

By 5 April 2012 Derek's pensionable salary had risen to £160,000. Accordingly his pensionable entitlement on that date is £56,000 ($21 \times 1/60\text{th} \times £160,000$) and his closing value is £896,000 ($16 \times £56,000$)

As the consumer price index increased between September 2009 and September 2010 by 2%, Derek's pension input amount for this arrangement is therefore £896,000 – £816,000 ($102\% \times 800,000$) = £80,000.

This exceeds the annual allowance of £50,000 so that an annual allowance charge may arise.



HOW WE CAN HELP

- We can help Derek to consider using his last two years' pensionable entitlement allowances to his advantage
- We can assist Derek to improve his pensionable entitlement by carrying forward his salary and/or bonus to the next year
- We can discuss with Derek alternative payment options such as having his pension scheme pay tax rather than paying it directly

BENEFITS

The key benefits that we can provide are:

- More efficient pension planning
- Reduction in taxes payable

CONTACT

Contact Stephen for more information or visit our website at:
www.cvdfk.com



Stephen Corral
Head of Pensions
T: 02075099182
E: scorral@cvdfk.com

Chantrey Vellacott DFK is the trading style of Chantrey Vellacott DFK LLP, a limited liability partnership registered in England and Wales (No:OC313147) whose registered office is at Russell Square House, 10-12 Russell Square, London WC1B 5LF. The term 'partner' denotes a member of a limited liability partnership. A list of members is available at our registered office.

Chantrey Vellacott DFK LLP is registered to carry on audit work by the Institute of Chartered Accountants in England and Wales. Chantrey Vellacott DFK LLP is not authorised by the FSA but is licensed by the ICAEW to provide investment services where these are incidental to, or arise from, the professional services it is engaged to provide.

© Chantrey Vellacott DFK LLP 2011.