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SSAS Contribution Guideline

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2. Introduction

These guidelines have been produced to assist you and your adviser with the options available for payment of pension contributions to your SSAS. It does not cover other types of pension scheme.

Pension contributions benefit from generous tax reliefs to enable you to accumulate a fund for your retirement. You can pay contributions in whatever frequency you choose and can pay into more than one pension arrangement at the same time.

Contributions can be paid by you personally or by your employer or even a third party such as a parent.

Your SSAS is a "Money Purchase" or "Defined Contribution" pension scheme. This means that the level of benefits payable on retirement or death is not fixed or guaranteed but is dependent on the amount of funds available for you when you retire or die. This is determined by the amount of contributions you pay, your investment choices and the performance of those investments.

Please note that we do not give financial advice and nothing in these guidelines should be considered as financial advice. The choices you make will affect your income for the rest of your life. If you are not being advised by a regulated financial adviser we strongly suggest that you seek advice from a regulated Independent Financial Adviser (IFA) or seek guidance from the Government's free advice service, the Money and Pensions Service www.moneyandpensionsservice.org.uk before making any decisions on your benefits. If you do not already have a Financial Adviser, information can be obtained from www.unbiased.co.uk or 0800 020 9430.

3. Tax Relief

Company Contribution	Personal Contribution	Third Party Contribution
• The company pays the contribution as an allowable expense of the business. • The amount paid is deducted from operating profit when calculating Corporation Tax	• Contributions are paid from taxed income (after income tax and NI has been paid). • The amount paid qualifies for income tax relief at your marginal rate. • Contributions are paid gross to the SSAS, and income tax must be reclaimed through self-assessment.	• Tax relief is not granted to the payer but to the person benefitting from the contribution. • They qualify for tax relief at their marginal rate. • Contributions are paid gross to the SSAS, and income tax must be reclaimed through self-assessment.

Example: Personal Contribution		Example: Employer Contribution	
Gross earnings from salary	£70,000	Company end of year profit	£300,000
Income tax payable	£15,428	Corporation tax payable at 25%	£75,000
Gross pension contribution	£18,000	Company pension contribution	£100,000
Reduced earnings	£52,000	Reduced profits	£200,000
Income tax saved	£7,199	Corporation tax saved	£25,000
Effective rate of tax relief	40%	Effective rate of tax relief	25%

Timing of tax-relief depends on what type of contribution is paid.

- Personal contribution – tax relief is claimed via your self-assessment tax return which you submit to HMRC after the end of the tax-year (5th April). Relief is usually given by reducing your tax bill but could mean you receive a tax rebate.
- Employer contribution – the amount contributed reduces the company's profits which are reported in its annual accounts and therefore reduces the amount of corporation tax the company pays.

4. Key Points to Consider

Personal and Third-Party Contributions	Employer Contributions
Contributions are limited to 100% of earnings per tax year.	Not limited to 100% of earnings per tax year.
Earnings consist of salary, bonuses and taxable P11D benefits.	To receive Corporation Tax relief, the contribution must be deemed by HMRC to be made 'wholly and exclusively for the purpose of the trade of the business'.
Earnings do not include dividends or rent .	This means that the contribution must be made as part of the company's normal expense of employing staff and to serve the purpose of the company's trade.
If you have no earnings you would not be able to benefit from any tax relief as this is claimed be reducing your tax bill through self-assessment.	For owner-directors, payment within the Annual Allowance (see below) is not usually challenged by HMRC.

5. Maximum Contribution Allowances: The Annual Allowance

The Annual Allowance is the maximum amount of pension contributions which will benefit from tax relief each tax year.

This limit applies to all personal, employer and third-party contributions combined. For Final Salary pension schemes there is a formula for calculating the Annual Allowance. This is not covered here as we do not provide services to Final Salary pension schemes.

Annual Allowance 2023/24 £60,000

Annual Allowance 2024/25 £60,000

Annual Allowance 2025/26 £60,000

Annual Allowance 2026/27 £60,000

A calculation of whether the Annual Allowance has been reached can be shown in an example:

You pay £1,000 per month to a personal pension + **Employer pays 7% of salary (£50,000) each year to a company scheme** + **Your father pays a third party contribution of £10,000 to your personal pension** = **Total paid for you: £25,500. Annual Allowance not exceeded**

6. Carry Forward

Where you contributed less than the Annual Allowance in any of the last three tax years, you can carry forward any unused allowance providing you were a member of a registered pension scheme in each of the previous three years. If you are making personal contributions, you have to have earnings in the tax year of payment at least equal to the amount of contribution including carry-forward.

Example:

James has been a member of a registered pension scheme for a number of years. He has contributed £10,000 for 2023/24, £70,000 for 2024/25 and £20,000 for 2025/26.

Using carry forward together with his Annual Allowance entitlement for 2026/27, James is able to make a contribution of £140,000 in the 2026/27 tax year:

Tax Year	Contribution Paid	Annual Allowance	Unused Allowance
2023/24	£10,000	£60,000	£40,000 (used £10,000 and £10,000 for 2024/25)
2024/25	£70,000	£60,000	£0.00 (used £10,000 carry-forward from 2023/24)
2025/26	£20,000	£60,000	£40,000
2026/27	£0.00	£60,000	£60,000

When calculating your maximum carry-forward allowance, you must fill-up the current tax year's annual allowance before going back three years and filling-up the oldest year's available allowance first.

7. Factors That Reduce Your Annual Allowance

There are a number of factors that may mean your Annual Allowance for pension contributions is less than that explained above.

Reducing Factor	What Does This Mean?	Effect on Your Lifetime Allowance
Money Purchase Annual Allowance (MPAA)	If you have already "flexibly accessed" your pension benefits, your Annual Allowance is reduced.	Flexibly Accessed means: • Commencing a Flexi-Access Drawdown pension • Taking an Uncrystallised Funds Pension Lump Sum (UFPLS) • Converting an existing Capped Drawdown pension to a Flexi-Access pension (this includes accidentally exceeding a Capped Drawdown pension) • Taking a tax-free lump sum where someone has Primary Protection and a protected tax-free lump sum greater than £375,000 as at 5th April 2006 Your Annual Allowance is reduced to £10,000 per tax year with NO carry-forward.

Tapered Annual Allowance	This is a complicated concept where the Annual Allowance for tax relieved pension contributions is restricted for "High Earners".	Where "Adjusted Income" is £260,000 or more AND "Threshold Income" is over £200,000 then the Annual Allowance reduces by £1 for every £2 of earnings. This continues to apply until the minimum Annual Allowance of £10,000 is reached which applies where Adjusted Income reached £360,000 and thereafter. Adjusted Income means: All taxable income, ignoring deductions for pension contributions (e.g. salary, bonus, BIK, self-employed earnings, pension income and investment income such as dividends, rent and interest) PLUS company pension contributions but not personal pension contributions. Threshold Income: All taxable income as above LESS personal pension contributions PLUS amounts deducted under a salary sacrifice arrangement started after 8 July 2015. See below for examples.
Pension Protection	If you have a form of Pension Protection from previous years applied for on or after 15 March 2023, you are not able to contribute without losing your protection. If your certificate was issued before 15 March 2023, you are now able to contribute without losing protection.	Pension Protection means: • Enhanced Protection • Fixed Protection (2012) • Fixed Protection 2014 • Fixed Protection 2016
Residency	If you leave the UK and become non-resident, you are able to continue making pension contributions for a further five tax years.	You can pay up to a maximum of £3,600 per annum. For employer contributions, where a pension scheme member leaves the UK as part of their employment, it may be possible for the employer to continue making pension contributions and receive full Corporation Tax Relief. In this scenario, we would recommend the company consults its accountant for further guidance.
Tax-Free Lump Sum Recycling	You are not allowed to receive your tax-free retirement lump sum and use this to increase contributions to	If you do this your tax-free lump sum will be taxed. The rules are:

	another pension arrangement, thereby benefiting from tax relief on the tax-free lump sum.	• You receive a tax-free lump sum • You significantly increase the amount of contributions paid to another pension scheme • The tax-free lump sum and any other lump sums received in the last 12 months exceeds £7,500 • The amount of the additional contributions exceeds 30% of the tax-free lump sum • This recycling was pre-planned

Tapered Annual Allowance Examples:

Example 1

Taxable earnings:	£159,000
Carry-forward company contribution paid in 2025/26 (full allowance for the last 2 years at £60,000):	£120,000
Company pension contribution paid in 2025/26 (full normal Annual Allowance):	£60,000

In this case Adjusted Income is £339,000 but Threshold Income is £159,000. As both income definitions are not exceeded there is no reduced Annual Allowance.

Example 2

Taxable earnings:	£225,000
Carry-forward company contribution paid in 2025/26 (full allowance for the last 2 years at £60,000):	£120,000
Personal gross pension contribution paid under Relief at Source in 2025/26 (full normal Annual Allowance):	£60,000

In this case Adjusted Income is £345,000 and Threshold Income is £165,000. As both income definitions are not exceeded there is no reduced Annual Allowance. This demonstrates how using part of the contribution allowance as a personal contribution can reduce Threshold Income and avoid the Tapered Annual Allowance.

Example 3

Taxable earnings:	£225,000
Carry-forward company contribution paid in 2025/26 (full allowance for the last 2 years at £60,000):	Nil
Company pension contribution paid in 2025/26 (full normal Annual Allowance):	£60,000

In this case Adjusted Income is £285,000 and Threshold Income is £225,000. Both definitions of income are exceeded so there is a reduced Annual Allowance. A calculation is required:

£285,000 - £260,000 = £25,000
£25,000 / 2 = £12,500

The normal Annual Allowance of £60,000 (2025/26) is therefore reduced by £12,500 to £47,500.

Unused Annual Allowance can still be carried-forward but if the Tapered Annual Allowance applied in that year, the reduced amount applies.

8. Exceeding the Annual Allowance

Where the Annual Allowance is exceeded, you must declare this on your self-assessment tax return and pay an Annual Allowance Tax Charge which is equal to your marginal rate of income tax. This means the tax charge may not match the tax relief claimed, it depends on your taxable income for that tax year.

It is permitted, in certain circumstances, for an Annual Allowance Tax Charge to be paid from the pension fund rather than personally.

Example: Annual Allowance Tax Charge

- In 2024/25 John's employer paid a pension contribution for him of £80,000 (with no carry-forward allowance).
- The company received corporation tax relief on this amount.
- John has therefore exceeded his Annual Allowance by £20,000 for that tax year.
- His taxable income for the year was £120,000.
- To calculate the Annual Allowance tax charge, the excess is added to his taxable income, giving a figure of £140,000.
- In this example, John is subject to the England and Northern Ireland rates of tax (the rates of tax can differ between Scottish and Welsh taxpayers).
- £14,860 of John's excess pension saving is above the £125,140 higher rate limit.
- £5,140 of his pension saving is above the basic rate limit but below the higher rate limit.
- John's Annual Allowance tax charge is calculated as:

£14,860 @ 45% =	£6,687
£5,140 @ 40% =	£2,056
TOTAL	£8,743

9. Our Role

- Our role is administrative. We cannot give any advice on pension contributions such as advising you how much to pay or calculating your personal allowance or carry-forward availability.
- We accept contributions paid in good faith and keep a record of how much you have paid and any carry-forward details you give us.
- Contributions must be paid to the pension scheme bank account details we give you so that they can be identified, reconciled and audited.
- We ask for evidence of identity for contribution payers. This includes ultimate beneficial owners for corporate entities.
- We may ask you for evidence of your source of earnings to support contributions paid.

These guidelines are based on our understanding of current law and HM Revenue & Customs practice, which are subject to change.

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