



Your bonus could help your pension savings grow

If you receive a bonus from work you could consider paying it into your workplace pension as a one-off pension contribution. One major benefit is that it's tax efficient - you'll receive tax relief on the amount you pay into your pension plan.

Using your bonus to top up your pension

Meet James, a 45-year-old sales director who's earning £125,000 each year. He's received a bonus of £25,000 and is thinking about paying it into his pension. Here's what he can expect his bonus to be worth after tax and National Insurance (NI) deductions, and the potential long term value if he pays it into his pension as a one-off pension contribution.

Value of bonus after tax and NI

If James adds his bonus to his take-home pay, he'll pay tax and NI on the full amount.

Tax treatment can change, and depends on individual circumstances and where you live in the UK. Please note this example is based on English tax rates and bands.



Tax relief added to one-off pension contribution

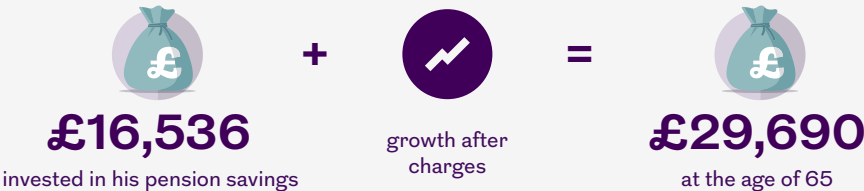
If James decides to pay his bonus into his workplace pension, as a one-off pension contribution, he'll receive tax relief at the basic rate of 20%. He could also claim further tax relief when he submits his self-assessment.

Once invested, he won't be able to access this money until age 57.



Projected value of one-off pension contribution at retirement

As James' bonus is invested in his pension it's projected to increase in value until he reaches his chosen retirement age of 65 years.



This case study is for illustrative purposes only. The above figures assume an annual management charge (AMC) of 0.45%. We've also assumed that inflation will reduce the buying power of James' pension savings by 2% each year. Based on the AMC and inflation the growth rate is 2.94%. This gives a more realistic view of what James could buy with his bonus if it's projected value at retirement was payable today.

What you could get back at retirement depends on how much you pay in, the charges on your plan and how well the fund you're invested in performs. Contributions are invested so the value of pension savings can go down as well as up and you could get back less than you invest.

How to make a one-off pension contribution

You can make a one-off pension contribution into your plan at any time. Depending on the type of pension plan you have, you may be able to do this by bank transfer using our online [form](#).

We always recommend that you seek regulated financial advice before making any financial decision.

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