

Planning ahead

Written by Marie Madden

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With job security and business survival at the forefront of people's minds, it is very easy to forget about the bigger, more long-term picture. Even at the height of the boom, most were too busy enjoying the fruits of their labour to plan for down the line. However, with the slash and burn cuts of the national budget just months away, Brian Molloy, Director of Pensions with HC Financial Services, warns that now is the time to get your affairs in order to make the most of your pension.

At present, it is possible to claim tax relief on pension contributions made throughout the year, which could be of particular significance to those on higher incomes. Even those who have neglected to make contributions in the past can still do so now and claim their tax break for the coming year.

But Brian believes this incentive could soon be on the chopping block as part of the National Pension Framework and says that anyone who does not take advantage this year could miss the boat.

"In all likelihood, pension tax relief is going to be restricted, possibly in this coming budget but certainly in the National Pension Framework document that was released in March. They indicated that tax relief would be drawn back to 33 per cent, which is a sort-of halfway house between the lower and higher tax rates. That is part of the revised Programme for Government that Fianna Fáil and the Greens agreed, so, as far as we know, the Government are going to go ahead with it," he explains.

While the reduction or abolition of tax relief on pensions is something that certainly seems likely, Brian believes this would be a retrograde step as, without this incentive, there is no motivation for the public to take the step of organising a pension. In turn, this could see the Government faced with providing for a highly dependent generation in years to come.

