Cranleys
CHARTERED ACCOUNTANTS



CRANLEYS' CLEVER CHECKLISTS · No. 06 · PERSONAL TAX

Pensions Checklist 2026/27: Allowances and Tax Relief

Tick it, print it, pin it up. Every box you cannot tick is a conversation worth having.



By Colin Davison FCA, Managing Partner, Cranleys Chartered Accountants. In practice since 1998. Reviewed 15 November 2026 against the 2026/27 rules.

THE QUICK ANSWER

The standard annual allowance is £60,000, but it tapers for high earners and drops to £10,000 once you have flexibly accessed a pension. Unused allowance from the last three years can be carried forward. Higher rate relief often needs claiming. From 6 April 2027, unused pensions fall into your estate for inheritance tax.

THE KEY FIGURES

2026/27 figure	Amount
Annual allowance	£60,000
Taper	starts when threshold income is over £200,000 and adjusted income over £260,000, down to £10,000
Money Purchase Annual Allowance	£10,000
Lump Sum Allowance	£268,275
Lump Sum and Death Benefit Allowance	£1,073,100
Normal minimum pension age	57 from 6 April 2028

Cranleys is a trading style of Cranleys Partnership LLP, registered in England OC358781. Winton House, Winton Square, Basingstoke RG21 8EN · 01256 830000 · www.cranleys.online

The checklist, box by box

	The check	What to do	Keep as evidence
☐	**Have you counted all schemes, including defined benefit?**	The allowance covers every scheme. Defined benefit growth counts too. Scheme Pays can settle a charge if it is over £2,000.	Pension savings statements, scheme letters
☐	**Is carry forward used in the right order?**	Use the current year first, then the earliest of the three previous years. You must have been a member in those years.	Allowance record by tax year
☐	**Has the MPAA been triggered?**	Taking flexible income or an uncrystallised lump sum cuts your allowance to £10,000 with no carry forward. Tell your other schemes within 91 days.	Drawdown paperwork, notices to schemes
☐	**Is higher rate relief claimed?**	Relief at source gives 20%. Higher and additional rate taxpayers claim the rest through the return.	Contribution statements, return
☐	**Are lump sums tracked against the allowances?**	25% tax free cash is capped by the Lump Sum Allowance. Check protections held before you take it.	Allowance usage, protection certificates
☐	**Is salary sacrifice real and legal?**	It must reduce contractual pay, and pay cannot fall below minimum wage. Benefits based on salary need reviewing.	Signed variation, payslips



MY PRO TIP

check carry forward before you check the bank balance.

A worked example

Adjusted income is £280,000 and threshold income is over £200,000. The allowance falls by £10,000, which is half of the £20,000 above £260,000. The allowance is £50,000. Paying £60,000 into pensions leaves £10,000 over. If you have no carry forward available, that £10,000 is taxed at your marginal rate, up to 45%, so a charge of up to £4,500.

The trap to avoid

Paying £60,000 when the tapered allowance is only £10,000 and you have already flexibly accessed a pension. There is no carry forward, so the charge arrives with the return. Check before paying.

Test your accountant

One question that tells you if you have the right adviser:

What is my annual allowance this year, and how much carry forward is left from each of the last three years?

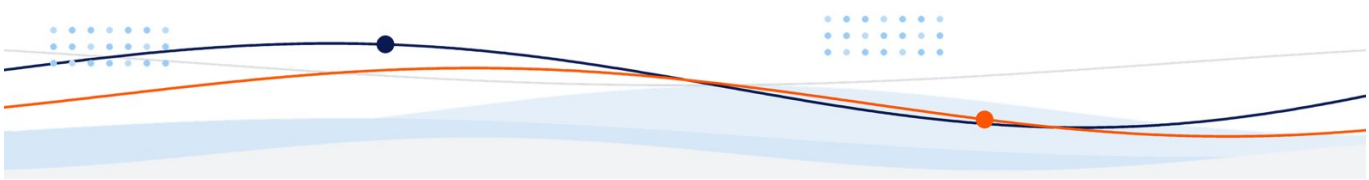
What has changed recently

- Unused pension funds and death benefits are brought into the estate for inheritance tax from 6 April 2027. See the inheritance tax checklist.
- National Insurance applies to salary sacrifice contributions above £2,000 a year from April 2029.
- The normal minimum pension age rises to 57 on 6 April 2028.

Questions I get asked

What is the pension annual allowance for 2026/27?

£60,000, or 100% of your earnings if lower. It reduces for high earners above £260,000 of adjusted income, down to £10,000, and for those who have flexibly accessed a pension.



Cranleys is a trading style of Cranleys Partnership LLP, registered in England OC358781. Winton House, Winton Square, Basingstoke RG21 8EN · 01256 830000 · www.cranleys.online

How does pension carry forward work?

You can use unused allowance from the three previous tax years, after using the current year, if you were a scheme member in those years.

Will my pension be taxed on death after April 2027?

From 6 April 2027 unused defined contribution pensions are included in the estate for inheritance tax. Nominations and liquidity need reviewing now.

Do I get pension tax relief automatically?

Basic rate relief usually is. Higher and additional rate relief is claimed on your Self Assessment return unless the scheme gives it through payroll.

The 9 CAD Keys link: Development

Development is building what outlasts you. A pension is a long game, and the allowances reward the owner who plans early.

Colin's 9 CAD Keys. CORE: Clarity, Capability, Consistency. ADVANCED: Analysis & Positioning, Alignment, Acceleration. DYNAMIC: Differentiation, Dexterity, Development. Score each key 1 to 5 in the free Business Value Assessment Scorecard, total out of 45. *Freedom is built. One CAD Key at a time.*

Tick these next

Tax checklist 01
Income Tax and Personal Allowance Checklist 2026/27

Tax checklist 08
Inheritance Tax Checklist 2026/27: Nil-Rate Bands and Gifts

Tax checklist 21
Child Benefit and High Income Charge Checklist 2026/27

Tax checklist 27
Business Sale, Exit and Succession Tax Checklist 2026/27

Go deeper: my books

For this topic, start with **Business Tax Secrets**, part of The Cranleys Business and Tax Secrets Series: Property Tax Secrets, Inheritance Tax Secrets, Business Tax Secrets, Starting Up Secrets, Business Growth Secrets and Business Exit Secrets. The books are launching soon. Join the launch list at cranleys.online/books and I will tell you the moment each one is released.

YOUR NEXT STEP

Ring me. Free draft plan, no hard sell.

I will build you a free draft tax plan or business plan on my 9 CAD Keys: a scorecard, a 12-month cashflow forecast, a 90-day action plan and a review with me. **1** Get in touch. **2** Short intro call. **3** Your free draft plan in plain English. You decide what happens next.

Pensions, tidy nests, no surprise bills.

WhatsApp 07999 900000 | **Office** 01256 830000
Email colin.davison@cranleys.co.uk
Web cranleys.online

Scan to read online, tick it on screen and take the Scorecard



General information on UK tax only, not advice for your specific circumstances. Tax rules change. Free draft plans are offered at my discretion and subject to availability; putting a plan into effect is chargeable. Cranleys is a trading style of Cranleys Partnership LLP, registered in England and Wales (OC358781). Registered office: Winton House, Winton Square, Basingstoke RG21 8EN. © Colin Davison FCA, Cranleys Chartered Accountants.

