

# Extracting Money From Pensions Tax Efficiently

Investing in a VCT creates the opportunity for Investors to offset or partly offset their pension income tax bill. We have included two examples, depending on whether your client is a basic rate taxpayer or a higher rate taxpayer.

## Client Scenario:

Zoe has a sizeable pension pot but would like to extract money out for her grandchildren's future education, without a large tax bill.

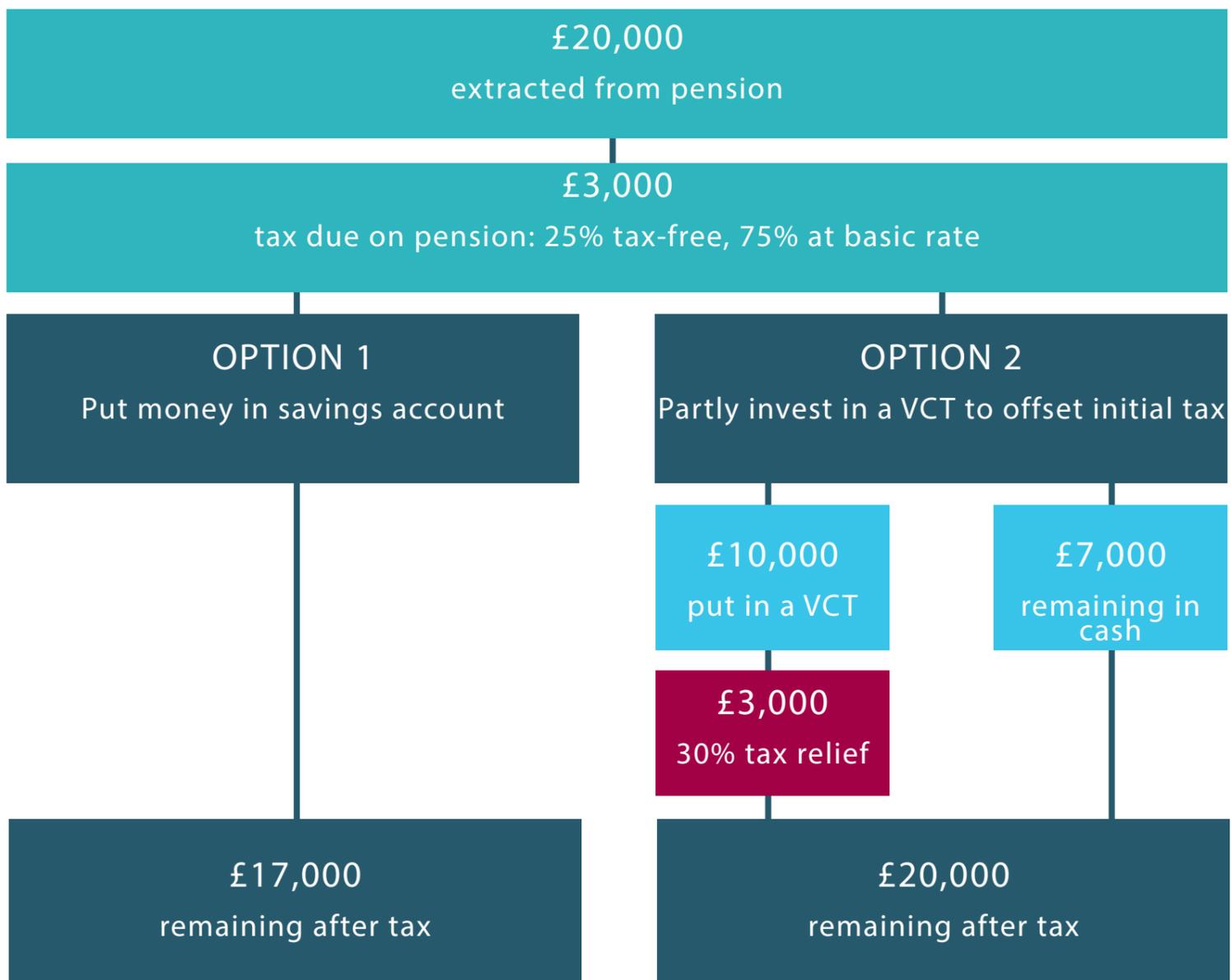
## Solution:

Zoe can invest in a VCT which are particularly popular with investors who already have personal pensions and ISAs as they are comfortable with higher risk investments. VCTs provide pension income tax relief and tax-free income and growth.



Zoe

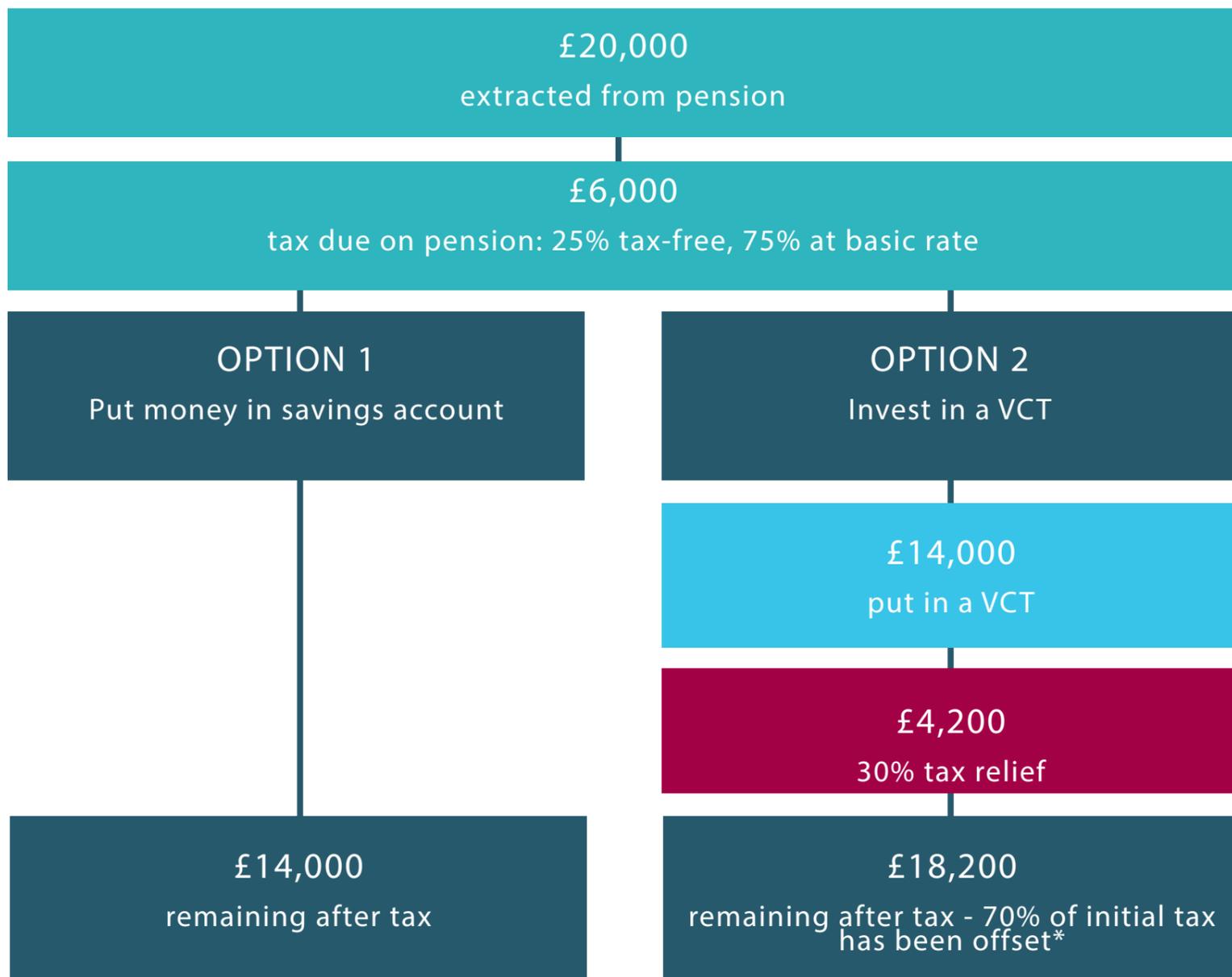
Basic rate (20%)  
tax payer





Zoe

Higher rate (40%) tax  
payer



#### \*Higher Rate Tax Payer Scenario:

Zoe could choose to add an extra £6,000 to her VCT investment from another income source. This would lead to a VCT investment of £20,000 which would generate £6,000 tax relief, thereby completely offsetting her pension tax bill.

Venture Capital Trusts services are relatively complex products with significant performance and liquidity risks. Your capital is at risk and you may lose some or all of your money invested.

For more information about how our tax products can help with this scenario, please contact our tax team using the details below.

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