TotalEnergies UK Pension Plan

SEPTEMBER 2025

# Tax and your pension

**Building up a pension remains one of the most tax-efficient ways to save for your future. However, there are limits on how much you can save before you pay a tax charge.**

# How much you pay in

**As a Plan member, you pay a percentage of your salary into your Pension Account. In return, your employer will also contribute. The money you pay in is calculated before tax — so paying into the Plan is a tax-efficient way of saving for the future.**

How much you and your employer pay into your Pension Account will depend on which Section you are in. You can log in to the Member Portal at **pensioninfo.totalenergies.uk/view-my-pension-online** to see how much you and your employer currently contribute.

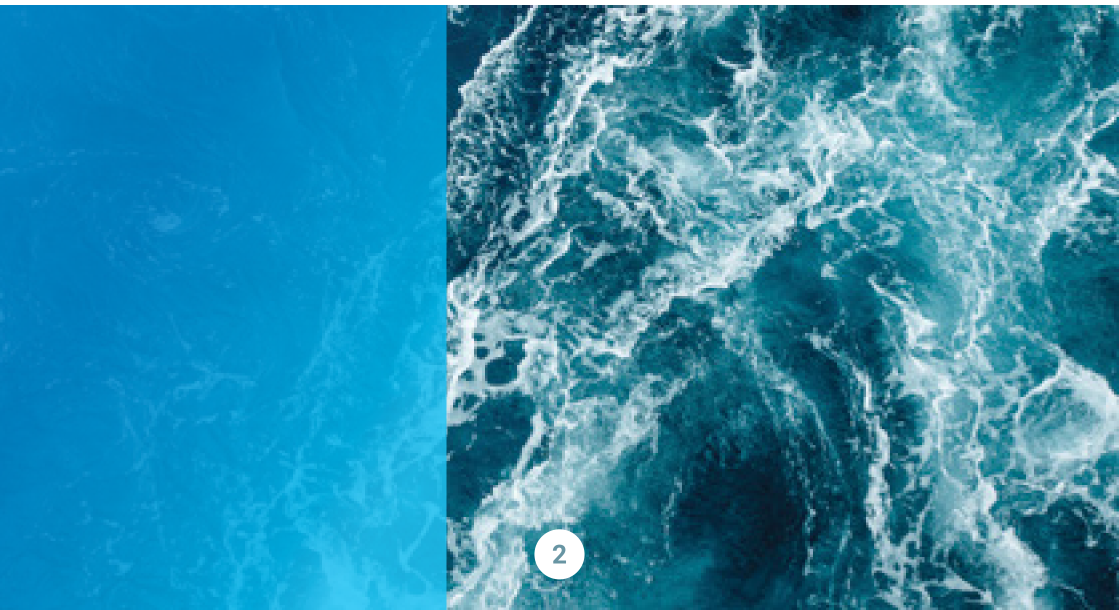
## How you make contributions

How you pay contributions differs depending on which DC Section of the Plan you are in.

In some Sections you do not pay your contributions directly to the Plan. Instead, you agree to exchange part of your Basic Salary in return for a contribution that your employer agrees to pay into the Plan on your behalf.

As a result of this, your Basic Salary goes down by a corresponding amount. This is known as 'Salary Sacrifice'.

Taking part in Salary Sacrifice means that you pay less National Insurance (NI) contributions because you only pay NI on your earnings after you have exchanged salary for a pension contribution.



## The Annual Allowance (AA)

**The AA limits the amount of pension benefits you can build up over the course of each tax year before you must pay a tax charge.**

**For the 2025/26 tax year, the standard AA remains at £60,000 per year.**

There are currently two situations where you can have a lower AA than the standard £60,000 — the 'tapered AA', and the 'Money Purchase AA'.

### The tapered AA

If you are a high earner, your savings may be subject to the tapered AA. For the 2025/26 tax year, this applies if your **threshold income*** exceeds £200,000 or your **adjusted income**** exceeds £260,000. For every £2 of adjusted income over £260,000, your AA is reduced by £1, down to a minimum of £10,000.

You can read an explanation of what adjusted and threshold income means on the next page, and examples on pages 6 and 7.

### Adjusted income

Broadly, adjusted income is your taxable income from all sources during the tax year plus the value of your pension savings over the year (minus any employee contributions with 'relief at source').

- For a defined contribution arrangement, these pension savings are equal to your total contributions over the year.
- For a defined benefit arrangement, the pension savings are equal to the pension input amount (the amount HMRC test against the AA) for the year — broadly 16 times the new pension accrued over the year, net of inflation.

### Threshold income

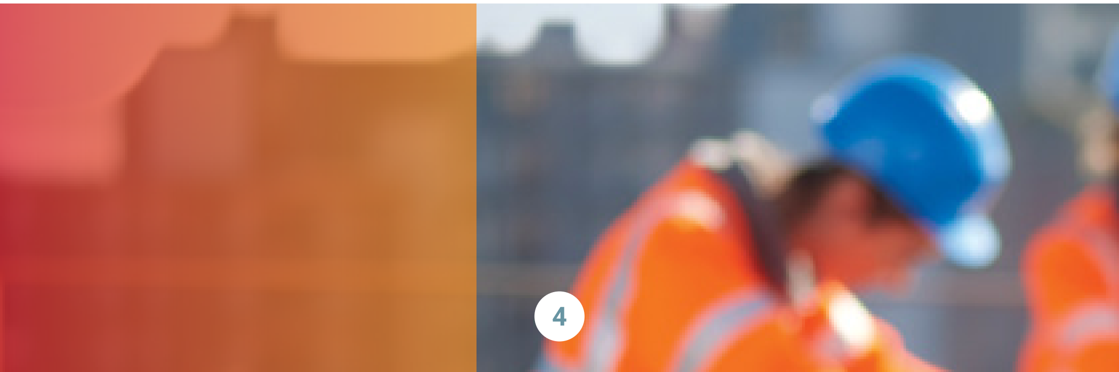
Threshold income is broadly equal to your taxable income, excluding the value of pension savings and deducting any member contributions with 'relief at source', such as to a personal pension, but adding back any employment income given up for pension provision as a result of any salary sacrifice made on or after 9 July 2015.

For more information about working out your threshold income and adjusted income, please see the guidance on the Government website at **gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance**

## Money Purchase Annual Allowance (MPAA)

The standard AA may also be reduced if you have flexibly accessed any money purchase (or 'defined contribution') funds from any of your pension arrangements since 6 April 2015.

Once members were given the ability to access their pension savings flexibly (from 6 April 2015), the MPAA was introduced for those members who accessed their savings and wished to continue making further contributions, limiting the tax relief available on these contributions. The MPAA is currently £4,000 for the 2025/26 tax year.

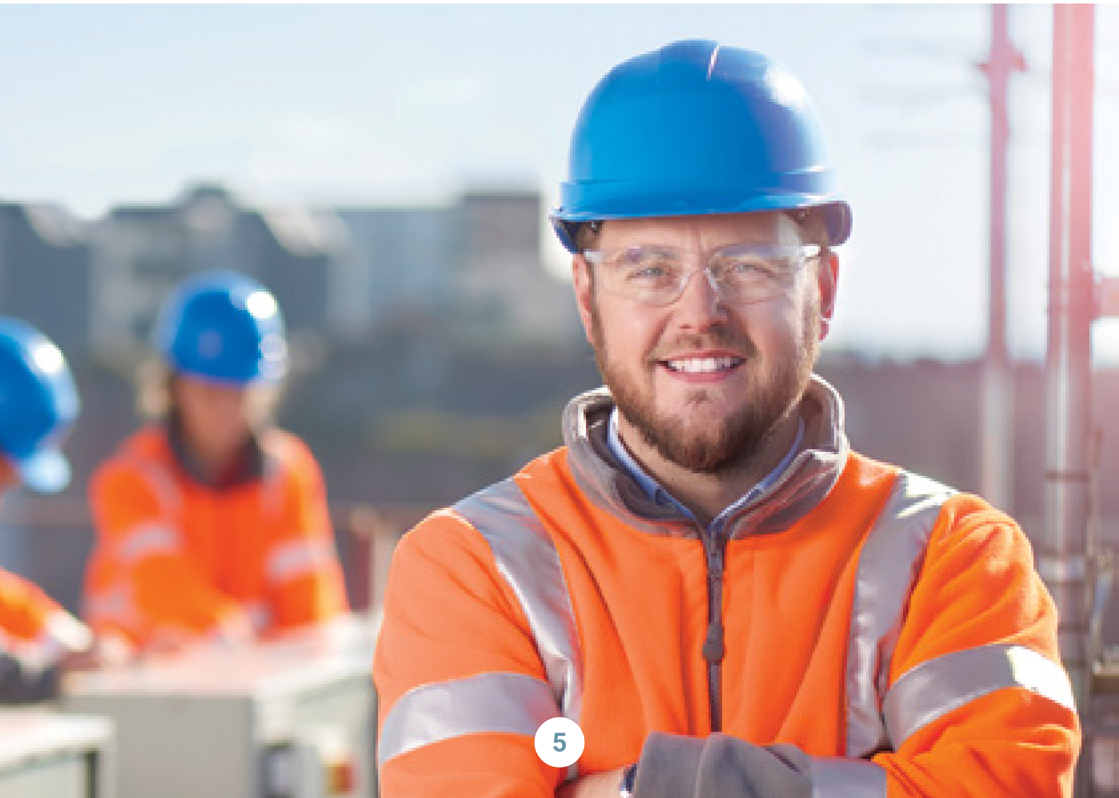


## If you exceed the Annual Allowance

If you exceed the AA plus any unused allowances from the three previous tax years, you will have to pay an additional tax charge. The tax charge is calculated by adding the amount by which you have exceeded the AA (allowing for unused allowances from the three previous years) to your other taxable income — how much tax you need to pay depends on what tax band the excess amount falls into.

You will need to complete your self-assessment tax return to accurately determine whether or not you are subject to an AA tax charge. There is information on how to do this on the Government website.

Visit **gov.uk/government/collections/self-assessment-helpsheets-main-self-assessment-tax-return** and look for 'Helpsheets for pension tax charges' and then select 'Pension savings — tax charges (Self Assessment helpsheet HS345)'.



# Example 1: working out Anne's AA*

To find out how much tax Anne needs to pay, we need to:

1. Pension contributions. Add up contributions from her and the Company to see if she breaches the AA
2. Taxable income. Work out her taxable income
3. Anne's AA. Compare her taxable income to the 'threshold income' for the tapered AA to see if her AA changes
4. Anne's tax charge. Work out what her AA tax charge is

## 1. Pension contributions

| Anne's gross salary | She pays 6% | + | The Company pays 22% | = | Her total contributions |
|---|---|---|---|---|---|
| **£250,000** | **£15,000** | | **£55,000** | | **£70,000** |

**As the AA is £60,000 a year, Anne exceeds her AA by £10,000 and will need to pay some tax on her contributions.**

## 2. Taxable income

| Anne's gross salary | - | Anne's contributions | = | Anne's taxable (threshold) income |
|---|---|---|---|---|
| **£250,000** | | **£15,000** | | **£235,000** |

## 3. Anne's AA

**The tapered AA only applies if your threshold income exceeds £260,000 — this means Anne's AA is the full £60,000 for this year.**

## 4. Anne's tax charge

| Anne exceeded her AA by | x | Her marginal Income Tax rate | = | **Her AA tax charge** |
|---|---|---|---|---|
| **£10,000** | | **45%** | | **£4,500** |

*This example is based on the AA rules effective from 6 April 2023 and specifically applies to the 2025/26 tax year (to protect against future changes to AA rules). The income assumes that Anne has no other sources of taxable income (e.g., property rental, incentive bonuses, etc.) and has not made any Additional Voluntary Contributions (AVCs). Anne may have scope for further pension savings from any unused AA from the previous three years.

# Example 2: working out Andy's AA*

To find out how much tax Andy needs to pay, we need to:

1. Pension contributions. Add up contributions from him and the Company to see if he breaches the AA
2. Taxable income. Work out his taxable income
3. Andy's AA. Compare his taxable income to the 'threshold income' for the tapered AA to see if his AA changes
4. Andy's tax charge. Work out what his AA tax charge is

## 1. Pension contributions

| Andy's gross salary | He pays 6% | + | The Company pays 22% | = | His total contributions |
|---|---|---|---|---|---|
| **£300,000** | **£18,000** | | **£66,000** | | **£84,000** |

**As the AA is £60,000 a year, Andy exceeds the standard AA by £24,000 and will need to pay some tax on his contributions.**

## 2. Taxable income

| Andy's gross salary | - | Andy's contributions | = | Andy's taxable (threshold) income |
|---|---|---|---|---|
| **£300,000** | | **£18,000** | | **£282,000** |

## 3. Andy's AA

**The tapered AA applies if your threshold income exceeds £260,000 — this means Andy's AA will be affected by the tapered AA.**

If you're affected by the tapered AA, you need to:

- Work out your adjusted income
- Calculate the difference between that and £260,000, and
- Divide that difference by 2 and take it away from the total AA

## Example 2: working out Andy's AA continued

| Andy's taxable income | | Andy's total contributions | | Andy's adjusted income |
|---|---|---|---|---|
| **£282,000** | + | **£84,000** | = | **£366,000** |

| Andy's adjusted income exceeds £260,000 by | | Andy's taper reduction |
|---|---|---|
| **£106,000** | ÷ 2 = | **£53,000** |

| The standard AA | | Andy's taper reduction | | **Andy's tapered AA** |
|---|---|---|---|---|
| **£60,000** | - | **£53,000** | = | **£7,000** |

### 4. Andy's tax charge

| Andy's total contributions | | Andy's tapered AA | | Andy's excess contributions |
|---|---|---|---|---|
| **£84,000** | - | **£7,000** | = | **£77,000** |

| Andy's excess contributions | | His marginal Income Tax rate | | **His AA tax charge** |
|---|---|---|---|---|
| **£77,000** | x | **45%** | = | **£34,650** |

*This example is based on the AA rules effective from 6 April 2023 and specifically applies to the 2025/26 tax year (to protect against future changes to AA rules). The income assumes that Anne has no other sources of taxable income (e.g., property rental, incentive bonuses, etc.) and has not made any Additional Voluntary Contributions (AVCs). Andy may have scope for further pension savings from any unused AA from the previous three years.

## Salary Sacrifice example*

Anne has a gross annual salary of **£150,000** and pays into her pension using the Salary Sacrifice arrangement.

### Monthly Salary Sacrifice arrangement

Anne's gross monthly salary **£12,500**

Anne 'sacrifices' **6%** of her monthly salary **£750**

The Company pays **22%** of the original monthly salary, which is **£2,750**

### Monthly pension contributions

Total monthly pension contributions **£3,500** (Anne's **£750** + The Company's **£2,750**)

### Monthly taxable income

Anne's gross monthly salary after Salary Sacrifice **£11,750** (£12,500 - £750)

### Benefits of Anne using Salary Sacrifice

By 'sacrificing' **£750** of her monthly salary, Anne reduces her taxable income from **£12,500** to **£11,750**. This reduction can lead to lower monthly Income Tax and National Insurance contributions.

Increased monthly pension contributions allows Anne to increase her pension contributions each month, enhancing her retirement savings.

The Company contributes **£2,750** to Anne's pension each month, further boosting her retirement savings.

Here is how this example applies to **threshold** and **adjusted** income amounts:

### Threshold income

This is calculated as follows:

- **Gross annual salary:** £150,000
- **Salary Sacrifice pension contributions:**
  £750 per month × 12 months = £9,000 annually

# Salary Sacrifice example continued

| Gross annual salary | | Salary Sacrifice contributions | | Threshold income |
|---|---|---|---|---|
| **£150,000** | - | **£9,000** | = | **£141,000** |

Since Anne's threshold income is below £200,000, she passes the first test for the tapered AA.

## 2. Adjusted income

This includes Anne's gross annual salary and the employer pension contributions made on her behalf:

- **Gross annual salary:** £150,000
- **Employer pension contributions:**
  £2,750 per month × 12 months = £33,000 per year

| Gross annual salary | | Employer pension contributions | | Adjusted income |
|---|---|---|---|---|
| **£150,000** | + | **£33,000** | = | **£183,000** |

Since Anne's adjusted income is below £260,000, she is not subject to the tapered AA. Her AA remains at £60,000.

## Annual pension contributions

Anne's total pension contributions for the year are:

- **Salary Sacrifice contributions:** £750 per month × 12 months = £9,000 per year
- **Employer contributions:** £2,750 per month × 12 months = £33,000 per year

Total pension contributions = £9,000 + £33,000 = £42,000 per year.

## Comparison to the AA

- **AA:** £60,000
- **Total contributions:** £42,000

Anne's total pension contributions of £42,000 are well within the £60,000 AA. She has an unused allowance of: £60,000 - £42,000 = £18,000.

## Salary Sacrifice example continued

### Summary

- **Threshold income:** £141,000
- **Adjusted income:** £183,000
- **Tapered AA:** Not applicable (Anne's adjusted income is below £260,000).
- **Total pension contributions:** £42,000
- **Unused allowance:** £18,000

Anne can contribute an additional £18,000 into her pension this tax year without exceeding the £60,000 AA.

*This example is based on the AA rules effective from 6 April 2023 and specifically applies to the 2025/26 tax year (to protect against future changes to AA rules). The income assumes that Anne has no other sources of taxable income (e.g., property rental, incentive bonuses, etc.) and has not made any Additional Voluntary Contributions (AVCs). Anne may have scope for further pension savings from any unused AA from the previous three years.

# Paying the Annual Allowance (AA) charge

**The AA applies to the amount of tax-efficient pension saving that you can make in a tax year. This includes the pension savings that you build up in the Plan, as well as any benefits you build up in other pension arrangements.**

## Your Pension Savings Statement

Your AA now depends on your earnings. The Pension Savings Statement you have received from the Plan Administrators shows your AA, based on your income from your employment with TotalEnergies. If you received income from other sources during this period, you will need to take this into account to determine your AA.

Your statement shows the amount of the AA used up by your pension savings in the Plan during the previous pension input period. This is the 12-month period that ended on 5 April 2025.

## Using carry forward

You can carry forward any unused AA from the three previous tax years. Your statement also shows the prior three years' values for carry forward purposes.

## When the AA applies

If your total pension savings exceeded your AA in the 2025/26 tax year (after taking into account any unused AA from the previous three years), you will pay tax on the excess. The tax charge is calculated by adding the excess to your taxable income, tax will then apply depending on what tax band the excess amount falls into.

## How to pay a tax charge

If you have exceeded your AA, you will need to complete a Self-Assessment Tax Return. If you do not normally complete a Self-Assessment Tax Return, you will first need to register with HM Revenue and Customs (HMRC). Go to **gov.uk/register-for-self-assessment**

On your tax return, you will need to confirm the amount by which your total pension savings exceeded the AA. HMRC will use this information to calculate your tax charge.

HMRC will work out the tax charge for you and tell you how much you have to pay. You will also be able to tell HMRC how you would like to pay any tax charge that may apply. Your options will depend on the amount of the tax charge.

## When to pay

For the tax year that ended on 5 April 2025, you must complete your tax return by 31 October 2025 (if you submit a paper tax return) or by 31 January 2026 (if you use the online service).

# Scheme Pays

Scheme Pays is a facility that allows you to ask the Trustee to pay some, or all, of the tax charge on your behalf. In return, your Plan benefits are reduced by a corresponding amount.

In certain circumstances, you will have a statutory right to have all or part of the tax charge paid from the Plan, with an appropriate adjustment then being made to your Plan benefits (this is known as **Mandatory Scheme Pays**).

Even if you are not eligible for Mandatory Scheme Pays, you may be able to use **Voluntary Scheme Pays** if the Principal Employer and the Trustee agree.

If you cannot settle all of your tax charge using Mandatory Scheme Pays, you may be able to use Voluntary Scheme Pays to settle the remainder of the tax charge. In this circumstance you will need to complete both the Mandatory Scheme Pays Election form and the Voluntary Scheme Pays Election form.

## How to use Scheme Pays

**You will need to confirm this on your Self-Assessment Tax Return.**

Please notify the Plan Administrators by:

**30 November 2025** for Voluntary Scheme Pays

and/or

**31 July 2026** for Mandatory Scheme Pays

If you need a Voluntary Scheme Pays Election form and/or a Voluntary Scheme Pays Election form, please contact Gallagher, the Plan Administrators or visit **pensioninfo.totalenergies.uk/library**

# The Lifetime Allowance (LTA)

**Since 2006, pension savings were subject to the LTA. This placed a limit on the overall value of pension benefits you could build up across all your pensions before having to pay additional tax.**

**The LTA was abolished altogether from 6 April 2024.**

## What this means for you

Most people would not have been affected by the LTA but, if you would have been, the changes are good news as you can now save more for your retirement without incurring a tax charge. However, there is still a limit on the amount of money you can take as a tax-free lump sum at retirement. You should make sure you are familiar with the new allowances to avoid unexpected tax charges when it comes to taking your benefits.

## The new Lump Sum Allowance

Before these LTA changes, you could take up to 25% of your pension savings as a tax-free lump sum, with the remainder taxed as income. Now, a Lump Sum Allowance (LSA) has been introduced.

This allowance has been set at 25% of the LTA figure at the time of its removal (£268,275). This is now the maximum lump sum you can receive from all your pension savings without a tax charge. If you exceed this limit, the amount over the limit will generally be taxed as income. Members with existing LTA protection may have a higher limit before they need to pay the additional tax.

## The new Lump Sum and Death Benefit Allowance

There is also a new Lump Sum and Death Benefit Allowance (LSDBA), set at £1,073,100. This limits the tax-free payments that can be made following someone's death. The limit also applies in circumstances where, due to ill health, someone's entire pension is converted to a single cash sum.

This limit will be reduced if the person has previously taken tax-free cash sums at retirement (like those covered by the LSA).

As ever, we recommend that you take independent financial advice if you think you may be affected. Visit **fca.org.uk/consumers/finding-adviser** to find an independent financial adviser near to you.

# For information

## For general information about the AA

Visit the Government website at **gov.uk/tax-on-your-private-pension/annual-allowance**

## For information about your membership or benefits

Please contact Gallagher, the Plan Administrators.

**0330 123 9570**

**totalenergies@ajg.com**

**TotalEnergies UK Pension Plan**
**Gallagher (Bristol)**
**PO Box 319**
**Mitcheldean**
**GL14 9BF**

## For advice

If you are unsure of your tax position or whether the arrangements summarised here may affect you, please contact an independent financial adviser (IFA). If you do not already use an IFA, the Financial Conduct Authority website has information about how to find one.

**fca.org.uk/consumers/finding-adviser**

Remember that you may have to pay a charge for any advice that you receive.