

Client Planning Scenario



Using VCTs as a complement to pension planning

Building deeper connections with your clients.

For illustrative purposes only

Our Venture Capital Trust (VCT) planning scenarios are based on situations advisers often encounter, making them a great starting point for discussions with your own clients.

From a wealth management perspective, pensions are the most tax-efficient way to invest for retirement. But it's very likely you know of clients with high annual earnings that mean their pension contribution allowance has been reduced to the minimum. Clients in this position may welcome a tax-efficient investment alternative to complement their pension arrangements.

Meet Nylah

In this client planning example, Nylah is a pharmaceutical company director with a £255,000 salary. Once her other income sources are included, such as dividends, rental income, trust income, interest, and employer pension contributions, her total taxable income exceeds £360,000. As a result, under tapering rules for high earners, her annual pension allowance is reduced to just £10,000 for the 2025/26 tax year.

Using a VCT to complement pension planning

Nylah's financial adviser suggests she consider the tax incentives available through a VCT. After talking through the benefits and the risks, her adviser explains she could invest up to £200,000 annually in a VCT while claiming 30% upfront income tax relief on her investment.

Nylah invests £50,000 into a VCT which means she can claim £15,000 of upfront income tax relief (shown on page 2), provided she holds her VCT shares for the minimum of five years. As well as reducing her income tax bill, most VCTs aim to pay tax-free dividends, meaning Nylah can expect to receive an annual tax-free income from her VCT investment, and there's no HMRC requirement to declare the dividends on her tax return.

“For high earners, tapered pension allowances have made it harder to invest tax-efficiently for retirement. So it's not surprising that every year, people turn to VCTs to reduce their tax bill and plan for their financial future.”

Jack Rose, Triple Point Head of Distribution

VCT Investing



Visit [our website](#) to explore more client planning scenarios.

Investor's capital is at risk. This illustration does not take into account investment growth or charges for the investment. It is based on tax rules and personal allowances at April 2025, which could be subject to change and depend on individual circumstances. Tax reliefs depend on a VCT maintaining its qualifying status and target returns may not be guaranteed.

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