



Pension Bulletin –

AVC from 2025 Bonus Payment

Employees/pension scheme members can pay a lump sum AVC pension contribution (taking into account personal contributions already made) into their pension fund from their annual bonus.

You can receive a significant tax break

If you pay tax at 40% then €5,000 investment in your pension will only cost you €3,000 as you get tax relief at source through payroll.

	40% Tax	20% Tax
Contribution	€5,000	€5,000
Tax relief	- €2,000	- €1,000
PRSI relief	- €0	- €0
Actual cost to you	€3,000	€4,000

We're here to empower results

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How much can I pay and get tax relief?

The Revenue allows full tax relief on your own pension contributions (including Additional Voluntary Contributions – AVCs) up to certain limits as shown below.

Age in relevant tax year	% of gross earnings	Max Amount for Year
Up to 29	15%	€17,250
30 to 39	20%	€23,000
40 to 49	25%	€28,750
50 to 54	30%	€34,500
55 to 60	35%	€40,250
Over 60	40%	€46,000

Notes:

1. The maximum salary level for tax relief is €115,000 for the full year.
2. The Revenue Commissioners also apply limits on the level and type of benefits you can receive at retirement for example: tax free cash amount
3. *Gross earnings for this purpose can include all taxable income (derived from your employment) i.e. salary, overtime, bonus, allowances, BIK.
4. Your age is your age attained in the current tax year.



Example if your Bonus is paid in March.

Follow the steps below if you want to pay a once off lump sum into your pension from your March Bonus payment:

1. Calculate your gross earnings to 31st March 2025; include earnings for Jan, Feb, March plus March Bonus.
2. Apply the percentage of gross earnings based on your attained age in 2025 (from the table above) to your yearly earnings to date (Point 1). This gives you the total amount on which you can get tax relief in the current year at 31st March 2025.
3. Calculate regular employee and AVC contributions made from January to March 2025.
4. Subtract the employee contribution/AVC paid from the total amount you can pay (Point 2 less Point 3).
5. Advise your Payroll of how much you wish to contribute (up to the maximum in Point 4).

Ready Reckoner	Amount
Gross Pay from Jan – Mar 2025 + Gross Bonus	€
% allowed for my age in current year	%
Less Employee/AVC contribution Jan – Mar 2025 already paid	€
Max AVC allowed from Bonus*	€
How much AVC do I wish to pay	€

*Payroll may allow you to use the full amount and grant tax relief on the taxable income to that point and phase the rest of the tax relief over future months depending on the accumulated taxable income. You need to agree this with payroll in advance. Should you leave employment before the remainder of the tax relief is paid, you are liable for any balance of the tax due.

Warning: Aon are not Tax Advisors. Tax relief on pension contributions are based on Revenue limits. You need to be sure that you qualify for tax relief on the amount you plan to pay. Please seek independent Tax Advice if necessary.

For queries please contact: **Emily Kerins** - Email: emily.kerins@aon.ie or Mobile 087 287 5734

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