

## Private pension savings : opt for 960 or 1.230 euro?

As of this year, you can opt to save a higher amount as private pension savings, up to 1.230 euro. If you choose to do so, you will obtain a relative lower advantage. The reduction is reduced from 30% to 25% of the saved amount. You should give this good thought. And opt explicitly.

### Save a higher or lower amount?

Do you make private pension savings? As from 2018 you can choose between two maximum amounts:

- You can save up to 960 euro (threshold for tax year 2019, savings in 2018) at 30% resulting in a **tax advantage of 288 euro**.
- You can save up to 1.230 euro (threshold for tax year 2019, savings in 2018) at 25% resulting in a **tax advantage of 307,50 euro**.

This scheme is called dual pension savings.

### Save one euro more than 960 euro = reduction at 25%

Watch out: in case you save 961 euro, you will automatically be subject to the tax reduction of 25%. This implies that the tax payer saving 961 euro will have a lower tax benefit than a tax payer saving 960 euro.

An example:

- You save less than the lowest maximum, e.g. 900 euro = your tax reduction amounts to 30% of 900 euro = 270 euro.
- You save more than the lowest maximum, but less than the highest maximum, e.g. 1.000 euro = your tax reduction amounts to 25% of 1.000 euro = 250 euro. **You save more, but you obtain a lower advantage.**
- You save 1.152 euro = your tax reduction amounts 25% of 1.152 euro = 288 euro. This equals the reduction you obtain when you save the lowest maximum amount.

**What do we learn from this?** If you want to save more than 960 euro, you better save the highest possible amount. And at least 1.152 euro. Otherwise you will obtain a lower tax advantage for higher savings.

### Opt explicitly

It is disadvantageous when you save more than 960 euro but less than 1.152 euro. In case you save more than 960 euro, your bank will contact you to inform you that the tax reduction will decrease to 25%. You should then confirm that for that year you choose to save more than 960 euro. You should opt explicitly. If not, the bank will re-transfer the excess savings above 960 euro. The legislator wants to avoid that savers would be surprised and receive a lower advantage for their savings.

This choice should be confirmed annually. You can still do this now. In other words, you can still inform your bank that you want to save more than 960 euro for 2018. Watch out: once the choice is made for a given year, you cannot reverse it.

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