

## What's better, a workplace pension or a Lifetime ISA?

For most people, a workplace pension where an employer offers a matching contribution is likely to be better. There are some 'soft' benefits of a Lifetime ISA (LISA), for example the availability of early access with penalties, but looking at the tax position, the options speak for themselves.

<b>LISA</b>	<b>Pension (BRT)</b>	<b>Pension(HRT)</b>	<b>Pension + Matching (BRT)</b>	<b>Pension + Matching (HRT)</b>
Contribution	4000	4000	4000	4000
Tax relief	1000	1000	2000	1000
Employer matching				5000
Tax free allowance (at 55)		1250	1500	2500
Tax free allowance 5000 (at 60)				
Taxable assuming BRT in retirement		3000	3600	6000
<b>Total</b>	<b>5000</b>	<b>4250</b>	<b>5100</b>	<b>8500</b>

Key: BRT/HRT – basic or higher rate taxpayer; all figures / £

The nature of this analysis is simplified, so I have ignored growth and assumed that even a higher rate taxpayer will be a basic rate taxpayer in retirement; we find this is commonly the case but care should be taken not to take the general summary above to apply to your own situation.