



WILLOW TREE
FINANCIAL SERVICES



*A Guide for Individuals
Earning £100K+*

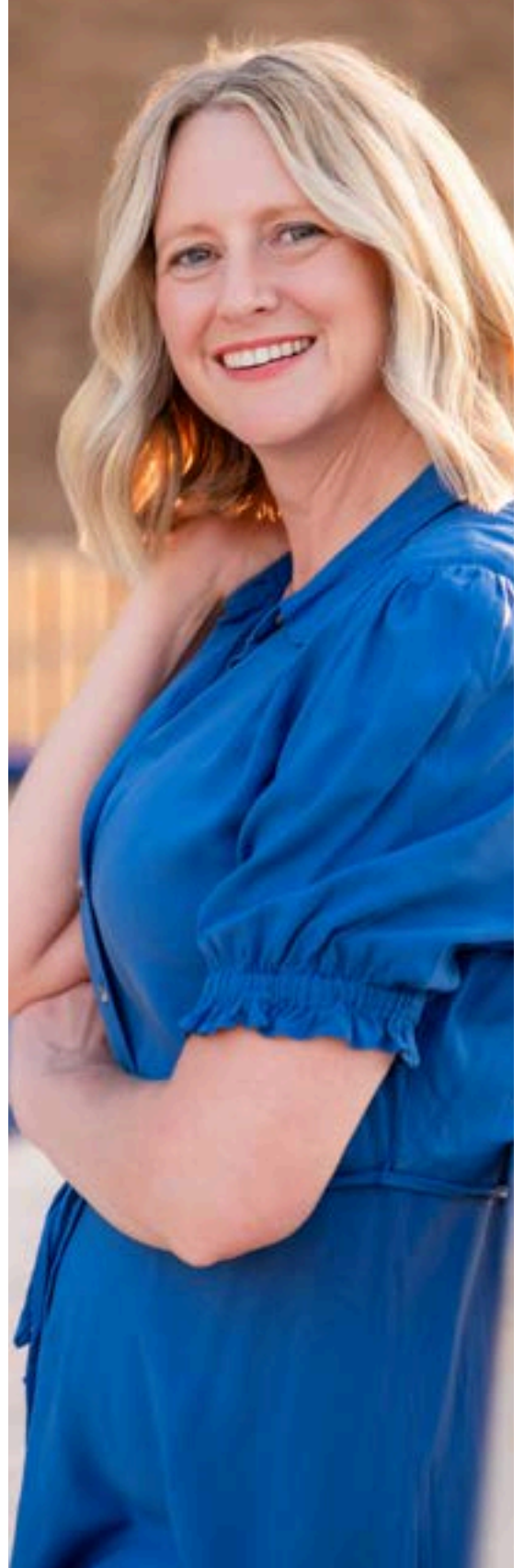
*“You earn well. You work hard.
You own a home, you have a pension,
you put some money away each month.
On paper, you're doing fine.
But there's this quiet, persistent feeling
that you're not quite on top of it.
That everyone else seems to have it more
organised. That despite earning what
you earn, you should somehow have
more to show for it by now.”*

Higher earners: this is probably you...

You've got a mortgage that might not be quite right for you. A pension you haven't looked at in a while. School fees to plan for. Aging parents who might need support. Your own retirement somewhere on the horizon (earlier than the default 67/68, you hope) but you're genuinely not sure if that's realistic.

You're not behind because you're bad with money. You're behind because nobody ever gave you a clear order of what to do first. Most financial advice is built around products. It sells you pensions, ISAs, and protection policies. What it rarely gives you is a plan that ties it all together and tells you: **start here, then do this, then that.**

If earning £100k+ still leaves you feeling financially behind, this guide is for you. Not more products. A framework. A way of thinking about your money that gives you back the feeling that you're in control, because you actually are. If you have any questions, please get in touch.



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Why income doesn't equal financial security

High earners are often the most financially exposed people in the room. Not because they spend recklessly, but because of what a high income quietly does to a plan that was never built to hold it.

Your lifestyle grows with your income.

It's not a character flaw. It just happens. The mortgage gets bigger. The cars get better. The holidays extend. Private school starts looking possible. Each of those things is a choice, and most of them are the right choices. But they quietly consume the gap between what you earn and what you save.

Your tax bill grows too.

At £100,000+ your income tax doesn't just increase – the rules actually change in ways most people don't realise until it's too late. The personal allowance starts to disappear. National Insurance continues. And if bonuses push you into the wrong bracket, the effective tax rate becomes genuinely punishing. More on that shortly.

And your financial complexity multiplies.

You might have a workplace pension, a couple of old pensions from previous jobs, a mortgage, investments, a company car, share options, or a side income. Each element has its own rules, its own optimal strategy. Without someone joining the dots, they sit there in parallel, each one doing something, but none of them working together.

The honest truth: a high income is an asset. But it's only an asset if it's directed. Without a clear plan holding it all together, a large salary is just a large amount of money flowing through your hands, some of it sticking, much of it not.



The 4 places your money probably isn't working hard enough

Most £100k+ earners are doing something in each of these areas. The problem is rarely the products, it's that nobody has ever checked whether they're working together, or working at all.

Mortgage

Are you on the right deal (or just on a deal)?

When did you last properly review your mortgage? Many professionals set one up when they bought their home and haven't revisited it since. The question isn't just "what's the rate?" – it's whether you're overpaying to clear it faster, or whether your current structure even fits your life anymore.

Pension

Do you know what's in there, and what it'll actually give you?

Most people have at least two or three pensions from different jobs. Each one sits in a default fund, quietly growing (or not), charging fees you haven't seen. The gap between "I have a pension" and "my pension will fund my retirement" is often enormous.

Investment

Is your money in the right wrapper for your tax situation?

Cash savings earning less than inflation. ISAs that aren't being used to their full potential. Money sitting in accounts that are generating tax bills they don't need to generate. At £100k+, tax efficiency on savings and investments isn't optional, it's where the real gains are.

Protection

What breaks first if your income stops?

Life insurance, income protection, critical illness cover. Most high earners are either significantly underinsured, or paying for policies that were set up years ago and no longer reflect their actual income, mortgage, or family situation.

The priority order – what to sort, and when

The most common question I hear: "Should I overpay my mortgage, or put more into my pension?" The answer almost always is: neither, until we've done this first.

Protect your income first

Everything else rests on your ability to earn. If your income stops (through illness, redundancy, or an accident) and there's nothing to replace it, the pension, the mortgage, and the investments all become problems very fast. Before you optimise, make sure the foundation holds.

Get tax-efficient – especially above £100k

Before directing extra money anywhere, check whether you're losing money to unnecessary tax. Pension contributions and salary sacrifice can meaningfully change your effective tax rate. This step often funds the next ones.

Build a plan for the mortgage – don't just let it run

Decide deliberately whether to overpay, extend, or restructure. The answer depends on your interest rate, your investment returns, and your retirement timeline. There's no universal right answer – but there is a right answer for your situation.

Direct surplus into growth – in the right order

Once protection is in place and tax is optimised, surplus income can compound properly. Pension first (up to the annual allowance), then ISA (£20,000 per year), then General Investment Account. The wrapper matters as much as the investment.

Plan for the people around you

Kids. Aging parents. Your own estate. These don't have to be separate conversations – they're part of the same plan. School fees, LPAs, gifting strategies, and wills all connect to your financial picture. Build them in, don't bolt them on later.

Supporting children and aging parents at the same time

If you're in your late 30s or 40s with children at home and parents who are getting older, you're part of what's sometimes called the sandwich generation, pulled in both directions, financially and emotionally.

It's more common than most people realise, and it's one of the few situations where a financial plan that worked perfectly well two years ago can quietly start to buckle without you noticing.

The kids' side

School fees, university costs, potentially a deposit for their first home. These feel distant when your children are young. A 5-year plan for school fees looks very different to scrambling for them term by term.

The parents' side

Care costs, home adaptations, or simply stepping in to help financially. Most families don't plan for this at all – it arrives suddenly, usually at the worst moment, and can cost far more than people expect.

What this does to your plan?

It compresses the window between now and retirement. Money that might have gone into your pension gets redirected. Savings that could have compounded get spent. The retirement you wanted at 58 quietly moves to 62, then 65, without a single conscious decision being made.

The two things that help most: Planning the school fees before you need them (even a basic monthly savings plan started early makes a material difference), and having a Lasting Power of Attorney in place for your parents before a health event makes it urgent. Both of these are conversations most families have too late.

You don't need to have all the answers. You need to have a plan that accounts for the possibility – so that when it arrives, it doesn't derail everything else.

The 60% tax trap and how to legally get out of it

If your income is between £100,000 and £125,140, you may be paying an effective tax rate of 60%. Not as a penalty. Not a mistake. Just as a result of a rule most people in that bracket have never been told about.

Everyone gets a personal allowance, the amount you can earn tax-free (£12,570 in 2025/26). But once your income exceeds £100,000, HMRC starts withdrawing that allowance at a rate of £1 for every £2 you earn above the threshold.

The result: every extra £2 you earn above £100,000 is taxed at 40% – and you also lose £1 of personal allowance, which gets taxed at 40% too. That's 80p in tax on every £2. An effective rate of 60%.

EFFECTIVE MARGINAL TAX RATE BY INCOME BAND (2025/26)



The legal solution

Making pension contributions (either directly or via salary sacrifice) reduces your "adjusted net income" – the figure HMRC uses to calculate the taper. If you contribute enough to bring your adjusted net income below £100,000, you restore your full personal allowance.

A £10,000 pension contribution for someone earning £108,000 can save up to £6,000 in tax, not 40% relief, but effectively 60%. That pension contribution costs you far less than you think. This is one of the most valuable tax planning opportunities for high earners, and one of the least talked about. Salary sacrifice and charitable giving also reduces adjusted net income...



Things you might not have thought about

Sometimes the most valuable thing you can do is make sure you've considered the things that are easy to overlook when your financial life is busy. There are five areas high earners often overlook...

Your pension allowance

If you're a high earner, the amount you can contribute to your pension without triggering an annual allowance charge may be lower than you expect. Unused annual allowance from the previous three tax years may also be available to carry forward, subject to the rules.

Your State Pension

Checking your NI record and State Pension forecast can help you understand when you may become eligible and how much you could receive. Your private pensions and investments may need to provide the income you need if you plan to retire before State Pension age.

Your ISA allowance

The annual ISA limit is use it or lose it, so if you don't use your allowance in a particular tax year, you can't add that unused allowance to a future year's subscription limit. For high earners, making the most of tax-efficient allowances can become increasingly important as other sources of savings and investment income become taxable.

Your financial plan if life changes

Marriage, children, separation or divorce, a career change, becoming self-employed or supporting an ageing parent can all change what you need from your finances. Divorce in particular can have significant financial implications, including the treatment of pensions, property, protection needs, and rebuilding your financial position.

Your Will and Lasting Power of Attorney

If you don't have an up-to-date Will, you should understand what would happen to your estate if you died. And a LPA can help ensure someone you trust can make decisions on your behalf if you're unable to do so.

A good financial plan looks beyond your investments. It considers the things that could affect your money, your family and your life choices.

What "early retirement" actually needs and how to make it real

Most people think about early retirement as a vague hope. Something that might happen if everything goes well. The shift from hoping to planning is simpler than you think, it starts with making the number real.

Start with what you actually want to spend

Not what you spend now (what you'd want to spend if you weren't working). For most people this is actually less than their current outgoings once the mortgage is cleared and work-related costs drop away. A realistic starting point is around £3,000 to £5,000 per month for a comfortable lifestyle in the South East.

Annual income needed / 4% = approximate pot required

So if you want £4,000 per month (£48,000 per year), the pot required is roughly £1.2 million. That's a real number, not a guess, not a wish. And for someone earning £100k+ in their late 30s or 40s, it is often more achievable than they expect. Remember, from 2028, pension access rises to 57. Anyone wanting to retire at 55 or 56 needs a bridge strategy using ISAs and GIAs before pension access opens up.

Four things that move the number faster

Pension contributions above the minimum

The compound effect of increasing pension contributions by even 5% of salary in your 40s is significant. Time and tax relief do most of the work — but only if the money goes in.

Clearing the mortgage on your timeline

Retiring with no mortgage is the single biggest lifestyle cost reduction you can make. Work backwards from your target retirement date and check whether your current plan gets you there.

Using the 60% tax window

Every pound you redirect into your pension from the £100k-£125k band gets 60% tax relief effectively. That's the single most efficient funding route for your retirement pot available to you.

Building outside the pension too

ISAs and GIAs give you access before pension age (currently 57). A balanced mix of pension and non-pension assets gives you flexibility — especially if you want to retire before 57.



The one mistake most high earners make

Of all the financial gaps I see in people earning £100k+, the most common (and the most dangerous) is this: their income is their plan.

Everything depends on it. The mortgage. The school fees. The pension contributions. The lifestyle. The support for aging parents. All of it flows from one source, and that source has nothing protecting it.

What happens if your income stops?

Illness, injury, redundancy, burnout. None of these are unlikely, they're just uncomfortable to think about. But ask yourself honestly: if your income stopped tomorrow, how many months could you keep everything running exactly as it is?

For most high earners, the honest answer is somewhere between three and six months. After that, things start to change – and they tend to change in the order of what matters most to you.

The four layers of protection worth having:

Income Protection: Replaces a proportion of your salary if you can't work due to illness or injury

Life Cover: Clears the mortgage and supports your family if you die. Most people have some through their employer, but it's rarely enough at £100k+ income levels.

Critical Illness Cover: Pays out a tax-free lump sum if you're diagnosed with a specified serious illness covered by your policy.

Relevant life cover: One of the best-kept secrets in financial planning for self-employed individuals.



What it looks like when it all comes together

The following is an example of what this looks like in practice. The names are illustrative, but the situation is real. Your situation will differ – the process is the same.

Mark and Claire, Sussex. Both mid-40s. Combined income around £130,000. Two kids in secondary school. Claire's parents getting older. Mark has a workplace pension he's never looked at and two old pensions from previous employers. Claire has been contributing to a SIPP but isn't sure if it's invested right. They own their home with about £180,000 still on the mortgage. They feel behind, despite, on paper, doing well.

What we found when we looked properly

The 60% tax problem

Mark's income alone was £108,000. His personal allowance was being withdrawn — costing him an additional £3,000 in tax per year that didn't need to be paid. A salary sacrifice adjustment resolved it.

The pension gap

The two old pensions were sitting in default funds charging 1.4% annually. Consolidated and reinvested in a lower-cost, better-suited portfolio. Projected improvement over 15 years: significant.

The protection hole

No income protection on either side. Mark's employer offered 3 months' sick pay. They had life insurance — but at twice their old mortgage level, not their current one. Both updated.

The retirement clarity

With the changes in place, a realistic retirement date of 60 for both became achievable — something they'd assumed was out of reach. The difference was a plan, not a bigger salary.

None of what we found was dramatic. There was no crisis. But the combination of small inefficiencies (tax leakage, high fees, no protection, no joined-up strategy) was costing them far more than they realised. And the retirement they wanted was closer than they thought.



**Take our 3-
minute quiz
to get the
clarity you
deserve**

**Not sure where you stand?
Find out in under 3 minutes!**

This guide gave you the framework.

Our Financial Planning quiz will show you exactly where your finances are strong, and where there might be gaps worth looking at.

- ✓ Answer 10 simple questions about your current financial picture
- ✓ Get a personalised score, broken down across the key areas of your plan
- ✓ See clearly where to focus first – no jargon, no sales pitch
- ✓ Takes under 3 minutes.

**Take the free financial gap quiz
on our website:**

www.willowtree-fs.co.uk

No obligation. Just clarity.

Not sure where you stand? There might be gaps worth looking at! You could check your pension nominations, review your protection policies and look up your NI record via YouGov.

Contact us to discuss your options and for a financial review.

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Pensions Planning and Investments
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