

Quarterly Pensions Watch: Autumn Budget – speculated changes fail to emerge

What you need to know

- The Chancellor of the Exchequer delivered her Autumn budget to Parliament on 30 October 2024. There had been much speculation around national insurance on employer pension contributions or changes to pensions tax relief, but these were not included. The most significant change for pension schemes was the announcement that most unused pension funds and death benefits would be brought into the scope of inheritance tax from 6 April 2027. Attention now turns to the Mansion House speech on 14 November where it is expected that the Chancellor will provide an update on the pensions review.
- Improving outcomes for defined contribution (DC) scheme members continues to be a key focus, as we expect an interim update of the Government's pensions review. The pensions review aims to boost investment, increase pension pots and tackle waste in the pensions system. Alongside this, a consultation from the Financial Conduct Authority (FCA) is underway on detailed rules and guidance for the new value for money (VFM) framework for savers invested in DC schemes.
- The new funding and investment strategy (FIS) regulations apply to all valuations of defined benefit (DB) pension schemes with effective dates on or after 22 September 2024. Trustees and sponsoring employers with upcoming valuations are encouraged to engage with their advisers early on to initiate dialogue between all parties and plan the valuation process given the extensive new requirements.
- On 23 September 2024, The Pensions Regulator (TPR) published an interim response to its March 2024 statement of strategy consultation. In this response, TPR has provided some helpful guidance on its intended approach, as well as details of the updated data requirements that schemes must provide after agreeing their statement of strategy reporting requirements.

What to expect in the near future

Development	Comment
Autumn Budget	Most of the rumoured pensions changes did not emerge as part of the Budget, but there were a few areas relevant to pensions: • Inheritance tax – The government has published a consultation around how to implement the inclusion of most unused pension pots and death benefits into a person's estate for inheritance tax purposes from 6 April 2027. The initial consultation closes on 22 January 2025. • National insurance contributions – The increase in the employer national insurance contribution rate could lead to more employers considering the use of salary sacrifice for pension contributions. • State pension – The triple lock will be maintained for the duration of this Parliament, meaning a 4.1% increase in the State Pension in 2025. • Overseas transfers – There are some changes to the tax treatment of transfers to qualifying recognised overseas pension schemes.
Defined benefit funding code	TPR's DB funding code of practice sets out TPR's interpretation of how trustees can comply with the new requirements of the FIS regulations. The code comes into force in late November, so there will be a gap between when the FIS regulations came into force and when the code becomes effective. TPR advised that schemes whose effective valuation date is within this period should use the new DB funding code. During winter 2024, TPR will publish a full response to the statement of strategy consultation, and we also expect the finalised covenant guidance from TPR later this year.
Pensions review and forthcoming Mansion House speech	Labour's election manifesto promised a wide-ranging review of the pensions landscape to consider the steps needed to improve retirement security, deliver better outcomes and increase investment in the UK economy. An interim update of the first phase, which concentrates on investment, is expected later in 2024, possibly as part of the Mansions House speech.

Key dates for consultations

Deadline	Issuer	Consultation
22 January 2025	HMRC	Closing date for the initial technical consultation on the inheritance tax treatment of pension benefits as announced in the Budget.
19 November 2024	DWP	Consultation on draft regulations to extend Collective Defined Contribution (CDC) provision to unconnected multi-employer schemes.
Q4 2024	IFoA	The Institute and Faculty of Actuaries (IFoA) has been running a consultation on Actuaries' Code diversity, equity & inclusion (DEI) supporting guidance, and will also be launching a thematic review on UK pension scheme design advice.
TBC	DWP	Options for DB schemes consultation – a response from the DWP is still awaited. Provisions for DB scheme surplus extraction and the role of the PPF as a public sector consolidator, which were key commitments made by the previous Government, were not signalled in the new Pension Schemes Bill.

Other measures on the horizon, at a glance

● Overdue
 ● Awaited
 ● On track

Area	Anticipated development	Status
Covenant guidance	A formal consultation on covenant guidance is not expected from TPR – rather, a more informal discussion with stakeholders. Finalised guidance is expected later in 2024.	●
Dashboards	Whilst the statutory deadline for connecting to pensions dashboards is 31 October 2026, trustees of the largest schemes have until 30 April 2025 to ensure they are ready for connection. The legal requirements and timings for this have now been finalised.	●
DC master trusts	As announced in July 2024, TPR will focus its supervision on master trusts' investments, data and innovation at retirement.	●
Lifetime allowance (LTA)	The LTA was fully abolished from 6 April 2024. Further regulations were laid before Parliament to rectify known issues with the current legislation which will come into force on 18 November 2024.	●
Transfer regulations	Possible changes to incentives and overseas investment flags following the DWP's review of the 2021 conditions for transfer regulations.	●
Auto-enrolment (AE)	Primary legislation already in place to allow qualifying minimum age for AE to be reduced from 22 to 18 and removal of qualifying earnings band.	●
Notifiable events	DWP consulted in 2021 on changes to extend notifiable events regime. Consultation response and amending regulations are still outstanding.	●

Find out more

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