



Autumn statement 2023

The tax measures in the [Autumn Statement](#) are explained in this [policy paper](#), with a separate policy paper on the [Abolition of the Lifetime Allowance \(LTA\)](#). The legislation relating to the abolition of the LTA is contained in the [Autumn Finance Bill 2023](#).

The Chancellor also announced a [comprehensive package of pension reforms](#), further to his [Mansion House speech](#) in July this year, including:

Helping savers understand their pension choices

The [response](#) to the consultation says that the [Government intends](#) to place duties on the trustees of defined contribution (DC) schemes to offer appropriate decumulation services when pension savers access their pension savings, and to require schemes to devise a 'backstop default decumulation solution'. The Pensions Regulator (TPR) [will publish](#) interim guidance on DC decumulation in 2024, with fuller guidance to be developed over a longer timescale.

Small pots and 'pot for life' proposal

The [response](#) to the consultation provides further clarity on how the proposed multiple default consolidator approach is expected to work for dealing with deferred small DC pots. An industry delivery group will be convened to help implement the proposed approach.

The response document also includes a call for evidence on proposals for a 'lifetime provider model', or 'pot for life', which would allow employees to choose the pension scheme their employer contributions are paid into.

Options for DB schemes

According to the [response](#) to the call for evidence, the Department for Work and Pensions (DWP) will consult in the winter on proposed measures to make surplus extraction from defined benefit (DB) schemes easier and establish a public sector consolidator by 2026, perhaps run by the Pension Protection Fund. In the meantime, legislation will be introduced to reduce the tax on surplus payments to sponsoring employers from 35% to 25% from 6 April 2024.

Pension trustee skills, capability and culture

In its [response](#) to the call for evidence, DWP believes trustees and others would benefit from more support, guidance, and training to achieve better long term outcomes for pension savers. The immediate actions to be considered by DWP include supporting TPR to set up a trustee register, strongly encouraging accreditation of professional trustees, providing additional support for trustees in the form of updates to TPR's investment guidance and working with TPR to produce additional information for employers selecting a pension scheme.

Pension schemes newsletter 154

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 154](#) which, amongst other things, covers the pensions taxation measures in the Autumn Statement 2023, including confirmation that the lifetime allowance will be abolished from 6 April 2024, and that there will be no change to the tax treatment of unused inherited DC benefits on death before age 75 – reversing the original intention to apply income tax on such benefits.

HMRC also states that it is ready to support pension schemes through the implementation period to April 2024 and will issue a future lifetime allowance newsletter.

SMPI assumptions

The Financial Reporting Council has been [consulting](#) on changes to the assumptions which must be used in statutory money purchase illustrations (SMPIs) from 6 April 2024. This follows a [review](#) of the assumptions based on market conditions and fund returns up to 30 September 2023.

Revaluation order 2023

The [Occupational Pensions \(Revaluation\) Order 2023](#) comes into force on 1 January 2024, stating the percentage increases to be used when revaluing certain preserved pension benefits under a final salary occupational pension scheme, for normal retirements during the 2024 calendar year.

Due to the Consumer Price Index (CPI) increase for the year to September 2023, the revaluation rates are based on the revaluation caps of 5% and 2.5%.

Reduction in NI contribution rates

As announced in the Autumn Statement, there are to be [changes](#) to the National Insurance (NI) contribution rates for employees and the self-employed. These changes were not included in the Autumn Finance Bill 2023, with provision for and in connection with the changes being made instead by the [National Insurance Contributions \(Reduction in Rates\) Bill](#).

State pension and triple lock

Following the Autumn Statement, DWP has published the [Proposed benefit and pension rates 2024 to 2025](#). This shows an increase to £221.20 and £169.50 per week for the full rate new State Pension and old Basic State Pension respectively from April 2024.

As announced in the Autumn Statement, and explained in the [ministerial statement](#), the State Pensions will rise by 8.5% in accordance with the triple lock commitment.

Whilst all reasonable care has been taken in the preparation of this publication no liability is accepted under any circumstances by Barnett Waddingham LLP for any loss or damage occurring as a result of reliance on any statement, opinion, or any error or omission contained herein. Any statement or opinion reflects our understanding of current or proposed legislation and regulation which may change without notice. The content of this document should not be regarded as specific advice in relation to the matters addressed.