



Survey shows 75% of employers want the pension tax regime simplified

The Association of Consulting Actuaries (ACA) has conducted a survey (2019 pension trends survey) which has highlighted that 75% of employers want the pension tax regime to be simplified.

67% of employers have requested help for lower income groups. 69% of employers surveyed have called for Tapered Annual Allowance to be eradicated even if this does mean a reduction in the general annual allowance.

Key findings in the report show:

- 44% of employers surveyed stated that existing restrictions have resulted in senior /higher income employees leaving their company's pension schemes. This is an increase from the 30% recorded last year.
- 21% of employers reported that skilled staff are retiring earlier or reducing hours.
- 75% commented that the current pension tax structure is highly confusing and should be simplified.
- 67% request more help on lower earners even if this means some people are worse off as a result.
- 69% have called for the Tapered Annual Allowance to be abolished, even if this results in a reduction to the general Annual Allowance.

ACA Chair, Jenny Condron, commented:

"The findings in this our third report on our 2019 Pension trends survey have underscored employers' frustration with the damaging impact of the 'tightening' of pension tax reliefs in recent years through lower Annual and Lifetime

Allowances, and the complexity that this has introduced. There is widespread demand for reforms to simplify a tax regime that is now well past its sell-by date. It is clear that any reforms being considered by the Treasury must not be short-term tweaks for public sector employees only – reforms must be even handed and extend to resolving problems that impact on all wealth-generating sectors of our economy.

"However, it's vital that changes are properly considered and, if at all possible, that there is some cross-party agreement on the political aims and the means by which they are delivered. Any major revisions to the regime must be robust and enduring, enabling employees to plan for long term pension saving.

"The present complexity results in some individuals being put off saving for retirement. Further, many key decision makers within businesses have opted out of involvement in their company pensions due to their individual pension tax positions. We see many employers deterred from establishing and maintaining pension schemes for their staff beyond the minimum required by auto-enrolment.

"We have elsewhere noted how important it is in the DB world to enable simplification of benefits. We are sure that some of the comments about complexity from our surveyed schemes arise from their experience that the pension tax rules create uncertainties that hold up sensible projects such as GMP equalisation and conversion.

"The public, working in both the private and public sectors, across all income groups deserve a regime that is simple to understand, that encourages savings (and does not disenfranchise decision makers); one that does not bring unwelcome tax surprises 'out of the blue', as at present."

If you have any queries please contact your usual 44 Consultant or email admin@44benefits.co.uk

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