



Press Release

Tuesday 22 June 2010

RETHINK ON PENSIONS TAX RELIEF WELCOME, SAYS NAPF

In today's Budget statement the Chancellor said he would look at alternatives to restricting pensions tax relief for those earning over £150,000.

Joanne Segars, NAPF Chief Executive, said:

"We are pleased the Chancellor has listened to our argument for a much simpler and more radical solution.

"The previous government's proposals were a disaster in the making. They would have been very damaging to the pensions of all working people, not just the well-off.

"Reducing the amount that can be paid into a pension tax-free each year will protect the Treasury's tax take, but will be much more supportive to pensions saving and less costly to implement.

"However, there is a lot of detail to be ironed out, and the level of the allowance is critical. We look forward to working with the Treasury to get the policy ready for implementation in April 2011."

Notes to Editors:

1. In its Budget submission the NAPF urged the Chancellor to revisit the Finance Act 2010, which would restrict pensions tax relief for those earning over £150,000. These moves would have cost employers around £3bn to implement.

Instead the NAPF suggested the amount of pension contribution eligible for tax relief could be significantly cut from £255,000. This would generate similar revenue for the Government and continue to target higher earners, but was a much simpler approach that would not undermine workplace pensions

The NAPF's proposals were about changing the method of taxation rather than changing the principle that the highest earners should receive less tax relief.

2. The NAPF is the leading voice of workplace pensions in the UK. We speak for 1,200 pension schemes with some 15 million members and assets of around £800 billion. NAPF members also include over 400 businesses providing essential services to the pensions sector.

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