

Budget speculation persists; Bell brands tax rumours as 'nonsense'

✓ Whilst the Pensions Minister hit back at recent speculation around the upcoming Budget, data from the Financial Conduct Authority revealed that continued uncertainty is impacting saver behaviour

Pensions Minister, Torsten Bell, has dismissed recent speculation surrounding possible pensions measures in the upcoming Autumn Budget as “nonsense”, urging the industry to focus on the government’s track record.

Commenting on the recent Budget rumours at the Social Market Foundation inaugural Pensions Conference, Bell warned that “there’s a lot of nonsense out there”, placing the blame for this speculation, and the subsequent action taken by savers, with journalists.

“I hope every newspaper has indemnified against claims about bad pensions advice they may or may not have been providing recently” he stated.

Rather than fuelling rumours, Bell said that the sector should “judge the government on what it has done”.

Bell’s comments come after analysis from the Financial Conduct Authority (FCA) suggested that continued speculation around potential pension changes has prompted a significant increase in the amount of money being withdrawn from pensions, with a particular ‘surge’ seen in large pots.

The figures showed that the amount of money withdrawn from pensions had risen by 35.9 per cent over the past year, increasing from £52.152bn in 2023/24 to £70.896bn in 2024/25. The number of pension pots accessed for the first time also increased again, coming in around 8.6 per cent higher at 961,575.

Quilter head of retirement, Jon Greer, highlighted this growth as evidence of how more people are leaning on pensions earlier, often to meet rising living costs and fill income gaps elsewhere.

LCP also pointed out that a particular surge in activity was seen in the number of people accessing pension pots worth more than £250,000.

According to the FCA’s data, large pension pots accessed and taken into drawdown increased from 34,832 between April 2023 and March 2024 to 58,544 between April 2024 and March 2025, a 68 per cent increase.

“These figures show graphically how uncertainty about pensions and tax can move the market,” commented LCP partner, Steve Webb.

Indeed, LCP noted that the increase between April and September 2024 coincided with fears that the first Budget under the new Labour government would introduce measures such as capping or scrapping tax-free lump sums.

It also pointed out that this figure increased further in October 2024 to March 2025, likely in response to the Budget announcement that pensions would come into scope of inheritance tax from April 2027 *[read more on page 18]*.

Evelyn Partners retirement specialist, Andrew King, also warned that “as it seems the Treasury is unable or unwilling to put such rumours to bed, you can assume the increase in withdrawals is going on as we speak”.



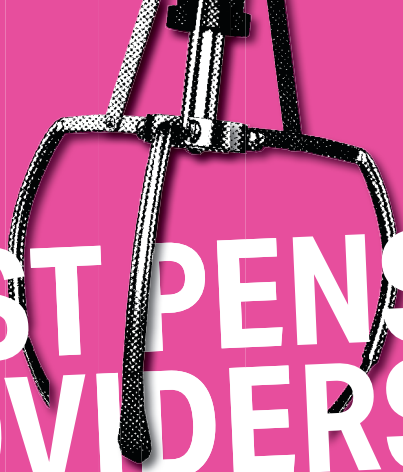
However, Greer said that “the real concern is the scale of withdrawals and the lack of advice that accompanies them, which risks leaving many without adequate income later in life,” as the FCA found that less than a third (30.6 per cent) of people sought regulated advice before accessing their pension.

The risk of rushing to access tax-free cash was further highlighted after the FCA and HMRC issued a joint statement clarifying the interaction between tax legislation and regulatory rules on pension cancellation rights, which industry experts have highlighted as evidence of the risks of rushing to access tax-free cash.

This confirmed that, while the exact rules depend on the specific circumstances, simply accessing tax-free cash does not, in itself, trigger cancellation rights, meaning that once paid, tax implications, such as the use of a member’s lump sum allowance or lump sum death benefit allowance, will remain, even if the payment is returned.

“The latest statements are a reminder that people should think very carefully before making major financial decisions based on speculation about what might be in the Budget,” LCP partner and head of pensions and tax, Alasdair Mayes, said.

✓ Written by Sophie Smith



**MOST PENSION
PROVIDERS GRAB
PROFITS FOR THEIR
SHAREHOLDERS.**

**PEOPLE'S PENSION
HAS GIVEN
£100 MILLION
BACK TO MEMBERS.**



- ✓ We put people first and focus on simplicity
- ✓ The UK's largest commercial master trust
- ✓ More than £35bn assets under management

Now that's a pension with purpose.



FIND OUT MORE

people's
pension