



## Autumn Budget 2025

On 26 November Rachel Reeves, the Chancellor of the Exchequer, delivered the Autumn 2025 Budget. From a pensions perspective, the most significant developments are:

### Salary sacrifice

From April 2029, a cap of £2,000 a year will apply to employee salary sacrifice pension contributions exempt from national insurance contributions. Contributions over £2,000 a year will still be able to be made through a salary sacrifice arrangement but will be subject to employee and employer national insurance contributions. Pension contributions will remain exempt from income tax (subject to annual allowance).

HM Treasury has published [guidance](#) alongside the Budget, and will publish further guidance before April 2029.

### Surplus payments from DB pension schemes

Legislation will be introduced to enable 'well-funded' DB pension schemes to make lump sum payments from surplus funds directly to scheme members who are over the normal minimum pension age, where permitted by scheme rules and subject to trustee discretion.

It is not currently clear whether the Pension Schemes Bill will be updated to include a new provision to pay surplus in this manner or whether changes will be made solely to the pension tax rules. The provisions will apply from April 2027.

### PPF compensation and FAS assistance payments

PPF compensation and FAS assistance payments in respect of pre-97 benefits from the original pension scheme will increase in line with CPI up to 2.5% a year, although, importantly, only where such indexation was provided under the rules of the original scheme. The PPF has issued a [statement](#) stating that if this becomes law in 2026 these measures will be expected to start from January 2027.

### Pension death benefits and inheritance tax

Further details have emerged in connection with the plans to bring most unused pension funds and death benefits in scope of inheritance tax from April 2027, including that in most cases personal representatives will be able to direct pension scheme administrators to withhold payment of some benefits for up to 15 months from the date of death and also then direct schemes to pay the inheritance tax due from the benefits that have been withheld before releasing the rest of those benefits to the beneficiaries.

### HMRC newsletter 175

[Pensions schemes newsletter 175](#) was published the day after the Autumn Budget and, amongst other things, provides a summary of some of the announcements in that Budget.

## The Pensions Regulator

The Pensions Regulator (TPR) continues to publish material in a range of areas including:

### Market oversight report and consolidated guidance on data quality

On 18 November TPR published its [market oversight report](#) on data quality. The report sets out TPR's regulatory approach, insights from its engagement with industry and next steps for data quality improvements.

The engagement took the form of a regulatory initiative which ran from October 2024 to target schemes that may not meet TPR's expectations based on their submitted data scores. The key findings from the regulatory initiative are set out in the accompanying [press release](#) urging trustees to get 'dashboards-ready', and the findings have prompted TPR to publish [revised member data guidance](#) that consolidates all data-related guidance into one place and seeks to set out clearer expectations.

### Blog on five years of the Pledge to Combat Pension Scams

In a [blog post](#) authored by Paul Sweeney, Pension Scams Action Group Intelligence Business Lead, TPR marks the fifth anniversary of its Pledge to Combat Pension Scams campaign by reminding that the threat of scammers is ever-present, and that trustees and administrators have a crucial role to play in protecting their members.

The blog reviews the progress industry has made so far and touches on what still needs to be done and the way ahead.

The anniversary heralds the launch of a new campaign, calling on those who have not engaged with the Pledge to do so now. TPR will work with industry to further improve the Pledge in 2026 and confirms there will be a webinar in the Spring which will help educate industry on scams and further promote the Pledge.

### Resources to help complete a scheme return for DB and mixed benefit schemes

Ahead of sending out DB and hybrid (mixed benefit) scheme return notices in early 2026, TPR has published [additional information](#) along with links to resources to assist with preparing for and completing these scheme return notices.

This includes information on the new questions and updates which will appear in this year's notices.

## Pensions Dashboards

The Pensions Dashboards Programme (PDP) has published a blog titled [Under a year left to connect: your connection questions answered](#) which reminds that all schemes in scope need to have completed connection to the pensions dashboards ecosystem by 31 October 2026 and seeks to answer some frequently asked questions about connection. Many of the answers include links to supporting PDP resources.

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