Budget 2025 - The damage caused by pre-budget speculation

Malcolm Reynolds, Aptia's UK President, said: 'There will be an inquiry into the OBR's early release of its data, but for pension savers the torrent of pre-budget speculation about pensions taxation was far more damaging. The cap on salary sacrifice is unwelcome, but things could have been much worse. In the three months since the Chancellor announced the Budget date, there has been too much speculation and kite-flying about measures affecting the taxation of pensions. These included cutting the tax-free lump sum allowance and changing tax relief on contributions.

'Had these measures been implemented, they would have significantly undermined confidence in pensions and negatively impacted savers' outcomes. Some people will already have made hasty financial decisions, with many more now questioning whether their long-term plans could be disrupted in the future.

'Each time the government tinkers with taxing pensions or trails potential cuts to allowances, it risks undermining pensions as the best way to save for retirement. Pensions are a long-term financial arrangement and shouldn't be subject to short-term speculation before every Budget.

'The government wants to get people saving more and has set up the Pensions Commission to deal with the UK's looming pensions crisis. The annual pre-Budget guessing game will undermine these goals if it continues.'

Image
Budget 2025



View PDF
Insights
Author
Malcolm Reynolds, President of UK and Portugal
Author photography
Image
Malcolm Reynolds