

## Pensions Bulletin

### Local Government Pension Scheme Employee Contribution Bands - England and Wales 2024/25

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1.	Up to £17,600	5.5%	2.75%
2.	£17,601 to £27,600	5.8%	2.9%
3.	£27,601 to £44,900	6.5%	3.25%
4.	£44,901 to £56,800	6.8%	3.4%
5.	£56,801 to £79,700	8.5%	4.25%
6.	£79,701 to £112,900	9.9%	4.95%
7.	£112,901 to £133,100	10.5%	5.25%
8.	£133,101 to £199,700	11.4%	5.7%
9.	£199,701 or more	12.5%	6.25%

### NHS Pension Scheme Employee Contribution Bands - 2024/25

The following changes to contributions confirmed by DHSC are the second and final phase of reforms informed by the latest review.

The amount many members pay will stay the same, and some will pay less. For members who will pay higher contributions, the maximum increase from 1 April 2024 is 0.8%, which means the difference to contribution amounts is likely to be small.

The table below shows the new contribution rates for each salary range.

Pensionable salary range	Contribution rates from 1 April 2024
	(Based on actual annual pensionable pay)
Up to £13,259	5.2%
£13,260 to £26,831	6.5%
£26,832 to £32,691	8.3%
£32,692 to £49,078	9.8%
£49,079 to £62,924	10.7%
£62,925 and above	12.5%

### The Lifetime Allowance

The new tax year has just started and the Lifetime Allowance (LTA) should have been fully abolished by now. However, abolishing the LTA is not proving simple. Although regulations have been published, HMRC's latest newsletter confirms that further regulations are required.

These additional regulations will be backdated to 6 April 2024. In the meantime, however, members who take their benefits may need to revisit their tax position and allowances later this year.

Most pension savers will not be affected. However, HMRC states that affected members may wish to wait before taking their benefits.

## The Gender Pension Gap

[The House of Commons Library has published a report](#) looking at the difference in pension wealth between men and women. The report highlights that men enjoy around 35% higher pension wealth than women.

Much of the difference is a result of the gender pay gap, the report states. However, the gap has widened recently because of auto-enrolment, which has resulted in the enrolment of more lower-paid people, typically women, into pension schemes.

The report does suggest some possible changes to help the reduce the gap:

- Reducing the level of earnings required – currently £10,000 – before auto-enrolment applies. A reduction would be particularly beneficial to women.
- Changing auto-enrolment contributions to apply from the first pound of earnings. This would be of most benefit to individuals with multiple jobs, the majority of whom are women.
- Improving benefits for couples who are not married or in a civil partnership.
- Changing net-pay arrangements. This is one method that employers can use to make pension contributions on behalf of their employees. Under the net-pay arrangement, contributions are deducted before tax and employees get tax relief at their marginal rate. However, if their marginal rate is 0%, then the employee gets no benefit within this arrangement. By contrast, if the employer uses the relief-at-source method, then the pension scheme can claim 20% tax-relief for all members. This is an area where government has passed legislation. From 6 April 2024, HMRC has a duty to make reasonable arrangements to provide a top-up to affected individuals in net-pay arrangements.

The best way though is to ensure Equal Pay for work of Equal value and to adopt family friendly policies across the workforce.

## Pensions Dashboard Programme

The Pensions Dashboards Programme (PDP) is developing technology which individuals will use to view all their pensions on a personal dashboard.

Eventually all UK-based pensions must connect to the pension's dashboards, including:

- State Pension
- Defined Benefit Pensions (including cash balance schemes)
- Defined Contribution Pensions

It's an ambitious and complex programme that requires support from the pensions industry, government and regulators. The Department of Work & Pensions has confirmed a connection deadline of 31 October 2026 for all schemes that fall under the current regulations.

## Life Expectancies

Life expectancy is a very important factor when making decisions about pensions funds and is it for that reason that mortality rates are continuously monitored the latest position is as per the table below.

Year	Male	Female
2019	87.1	89.5
2020	87.1	89.5
2021	87.0	89.4
2022	86.5	88.9
2023	86.4	88.9

For the first time, the CMI includes postcode data in the new S4 tables. Along with pension size, a member's postcode is one of the most informative data items for setting life expectancy assumptions. Those who live in more affluent postcodes tend to live longer, and vice versa.

## Chancellor sets out new measures in Spring Budget

Jeremy Hunt, Chancellor of the Exchequer, delivered his Spring Budget in March. He promised a further reduction in the main rate of National Insurance from 10% to 8% from April 2024, following an earlier reduction from 12% to 10% in January.

He also confirmed, as the Labour Party has done, that the Government remains committed to maintaining the triple lock, with the State Pension increasing by 8.5% in April.

Additionally, he confirmed the Government's intention to ensure that Defined Contribution (DC) schemes are providing sufficient value for members, announcing plans to introduce additional investment disclosure requirements. The Government will also consult on providing broader powers to TPR where DC schemes are offering persistently poor value for money for pension savers. These include the power to close a scheme to new entrants and, where necessary, wind up a scheme.

Please share this bulletin. Any member who wishes to receive it directly should email [george.georgiou@gmb.org.uk](mailto:george.georgiou@gmb.org.uk) and ask to be added to the distribution list. Likewise, if you wish to be removed.