

Autumn Budget 2021: Further consultation on DC charge cap before end of 2021



What you **need to know**

- The Autumn 2021 Budget, given by Chancellor Rishi Sunak on Wednesday 27 October 2021, was relatively quiet from a pensions perspective.
- A further consultation was announced on changes to the charge cap for defined contribution schemes (DC), intended to allow members to obtain better growth from long-term assets. The consultation is expected before the end of the year, and will focus on possible amendments to the scope of the charge cap to 'better accommodate' performance fees and also allow investment in 'the UK's most productive assets'.
- The Budget noted that, as previously announced, the Government is legislating to suspend the earnings leg of the state pension 'triple lock' guarantee for the 2022/23 tax year only, with the reason given being that earnings data has been distorted by the effects of the Covid-19 pandemic.
- Finally, the Government announced a change intended to fix an anomaly that can affect low-earning members of occupational pension schemes. Depending on the method their scheme uses to effect tax-relief, there can be differences in take-home pay. From 2024/25 onwards, top-up payments will be made to up to 1.2 million low-earners who are members of schemes that use a net pay arrangement. The Government will also invest £71 million in modernising the administration of pensions tax relief including making changes in light of the McCloud ruling.



Actions you can take

- **Look out for and consider the impact of the consultation on charging caps** if you are a trustee of a defined contribution arrangement.
- **Monitor any developments on the operation of pensions tax relief and consider whether any changes are required to administration procedures** (particularly for schemes that use a net pay arrangement for tax relief).



For further information, please get in touch with **William Fitchew** or speak to your usual XPS Pensions contact.



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