

UK Chancellors Autumn Statement 2015

As always many discussion points with the treasury saying the budget deficit has been halved since 2009 heights and the plan is to be a £10 billion surplus in 4 years. A major political hot potato has been removal of tax credits which will now be phased in giving transitional relief. The NHS gets a much needed immediate cash injection and spends remain in place to counter terrorism.

But what are the key points on pensions?

Personal Taxation

From next April the Income Tax free personal allowance to rise £400 to £11,000. The basic rate limit will rise £215 to £32,000 meaning the higher rate threshold above which individuals pay Income Tax at 40% will be increased to £43,000.

State Pension from 2016

With the 'triple-lock' in place, next April the basic State Pension will rise by £3.35 to £119.30 a week, the biggest rise in 15 years.

The new single tier State Pension, applying to those who reach State Pension age after April, has been set at £155.65.

From 2016 to 2021, of a total government spend of £4 trillion, pension benefits will cost £557 billion which is only second to healthcare.

Inheritance tax and undrawn pension funds in drawdown pensions

The government will legislate to ensure a charge to inheritance tax will not arise when a pension scheme member designates funds for drawdown but does not draw all of the funds before death. This will be backdated to apply to deaths on or after 6 April 2011. (Finance Bill 2016)

Pension reform

The government spends almost £50 billion per year incentivising contributions into pensions. At the Summer Budget, the government launched a consultation on the system of pensions tax relief, to gather evidence and views on whether the current system incentivises. The government received several hundred responses to that consultation, and is considering the options for reform carefully. The government will publish its response at Budget 2016.



This is one of a series of ongoing briefings to keep you informed of important pensions and investment news which may affect you.
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