



## Budget 2020

**On 11 March 2020 the Chancellor of The Exchequer, Rishi Sunak, presented his 2020 Budget. Here is a summary of the key items that will impact pensions.**

### State Pension

For the 2020/21 tax year, the State pension will increase by 3.9%. Therefore from April 2020, under the Triple Lock mechanism, the full rate of the UK's new state pension will be £175.20 per week for those individuals who are able to get the uprated full new state pension.

### Lifetime Allowance increase

The Budget also announced an increase in lifetime allowance for 2020 to 2021, in line with the Consumer Price Index (CPI). From 6 April 2020, the pensions lifetime allowance will be £1,073,100, which is an increase from £1,055,000 in 2019-20.

Annual Allowance for 2020-21 remains capped at £40,000.

### Tapered Annual Allowance

The change increases the income limits used in calculating a tapered annual allowance and decreases the minimum tapered annual allowance. The threshold income is increased from £110,000 to £200,000.

The adjusted income is to increase from £150,000 to £240,000.

The minimum tapered annual allowance is to decrease from £10,000 to £4,000.

This means those individuals with a threshold income of between £110,000 and £200,000 and adjusted income between £150,000 and £240,000 will no longer be impacted by the tapered annual allowance.

For individuals who continue to be affected by the tapered annual allowance, the minimum tapered annual allowance will be £4,000 (currently £10,000).

### Relief at source or Net pay arrangement tax relief

The Government has also announced a 'call for evidence' on how to address the different outcomes for lower earners, depending on whether their pension schemes use the relief at source or net pay arrangement method of tax relief. The call for evidence will be published in the Spring.

### Income Tax - Personal Allowance and National Insurance

The Personal Allowance will remain at £12,500 in 2020/2021. The National Insurance Primary Threshold will increase from £8,632 to £9,500 from 6 April 2020.

*If you have any queries please contact your usual 44 Consultant or email [admin@44benefits.co.uk](mailto:admin@44benefits.co.uk)*

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