

# Update

**January 2025**

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## **Pensions and UK growth**

The government has confirmed that it intends to proceed with proposals to allow more flexibility around pension scheme surpluses, as part of its growth agenda.

The announcement was made by the Prime Minister and Chancellor at a meeting with leading CEOs in the City of London.

Various options on utilising surplus were put forward in the Department for Work and Pensions (DWP) consultation 'Options for Defined Benefit schemes' published under the previous Conservative government in February 2024.

[www.gov.uk/government/consultations/options-for-defined-benefit-schemes](https://www.gov.uk/government/consultations/options-for-defined-benefit-schemes)

Lowering the legislative threshold for allowing returns of surplus could potentially encourage trustees, in conjunction with their employers, to adopt a riskier investment strategy for their DB assets. Once paid out, the employer could then invest this money in their core business. If the surplus is shared with members, they may also receive an uplift to their pension benefits.

The government will set out the details of the policy in its response to the consultation, due this Spring.



*Torsten Bell*

## **New Pensions Minister**

Torsten Bell, the Labour MP for Swansea West, has been appointed as Pensions Minister, following Emma Reynolds' move to Economic Secretary to the Treasury after the resignation of Tulip Siddiq.

Prior to becoming an MP, Mr Bell was chief executive of the Resolution Foundation from 2015 to 2024. He served as Ed Miliband's Director of Policy and as a special adviser to Alistair Darling.

As before, the appointment is both as Parliamentary Under Secretary of State in the Department for Work and Pensions and Parliamentary Secretary in HM Treasury.

## **AE thresholds review**

One of the Minister's first tasks was to report on the annual statutory review of the thresholds for automatic enrolment (AE). The review concluded that all AE thresholds for 2025/26 should be maintained at their 2024/25 levels, which are as follows:

- AE earnings trigger – £10,000
- Lower limit of the qualifying earnings band - £6,240
- Upper limit of the qualifying earnings band - £50,270

There is no mention in the review of implementing the changes contained in the Pensions (Extension of Automatic Enrolment) Act 2023, i.e. to reduce the lower age limit for AE from 22 to 18 and to remove the lower earnings limit (so that contributions are based on all earnings up to the upper limit).

## **Company news**

The trustees of the Airways Pension Scheme have agreed a £340m longevity swap with Metropolitan Tower Insurance Company, a subsidiary of MetLife, and Zurich Assurance Ltd. The policy will form part of the scheme's investment portfolio and will provide income to the scheme in the event that members live longer than currently expected.

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*"Today's changes [on pension scheme surpluses] will unlock billions of investment, pushing forward in delivering my Plan for Change"*

*Prime Minister, Keir Starmer*