



## Your Prudential Pension Newsletter - November 2024

Rachel Reeves, the Chancellor of the Exchequer delivered the Autumn Budget on 30 October 2024. It was the Labour government's first Budget in 14 years and significant changes were announced – let's take a look at some of the key announcements made:

- There's no change to **tax relief on pension contributions, pension tax-free cash limits, income tax or employee National Insurance contributions**.
- The freeze to income tax and National Insurance contributions thresholds won't be extended, so from April 2028, personal tax thresholds will be uprated in line with inflation.
- The rate of **employer National Insurance contributions** will rise from 13.8% to 15% from April 2025.
- **National Living Wage** is expected to increase to £12.21 per hour for all eligible employees from April 2025. **National Minimum Wage** for 18-20 year olds will increase to £10.00 per hour for all eligible workers.
- The **basic and new State Pension** is projected to rise to 4.1% from April 2025. The government will maintain the State Pension Triple Lock for the duration of this parliament.
- Changes to **Inheritance Tax (IHT)** have been announced, with the government confirming that they intend to include most unused pension funds and death benefits within the value of an individual's estate for IHT purposes. Most pension death benefits are usually paid out at the pension scheme's discretion, which means, under existing rules, they don't form part of the estate and are not liable to IHT. However from 6 April 2027, when a pension scheme member dies with unused pension funds or without having accessed all of their pension entitlements, those unused funds and death benefits will be treated as being part of that individual's estate and may be liable to IHT. The government is now consulting on the processes required to implement these changes. They intend to publish a response document and carry out a technical consultation on draft legislation for these changes in 2025. We'll keep you informed of any further developments in future newsletters.

You can find a full summary of the changes in our [Autumn Budget article](#).

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