



## Press Release

---

Tuesday 27<sup>th</sup> July 2010

### **NAPF REACTS TO PENSIONS TAX RELIEF PAPER**

Treasury proposals on pensions tax relief are a step in the right direction and will be less damaging to workplace pensions, the NAPF said today.

The Treasury today issued a discussion document on an alternative to the previous government's plans to restrict pensions tax relief.

The NAPF had warned that the existing policy would harm the UK's pensions saving culture and ensnare many people beyond the high earners being targeted. The NAPF had urged the government to reduce the annual allowance instead.

Joanne Segars, Chief Executive of the NAPF (National Association of Pension Funds), said:

"Many details still need to be resolved, but we are pleased the Government is taking our proposals on board. By looking to reduce the annual allowance, the Treasury is now facing the right way.

"It's a simpler approach that that will encourage higher earners to stay in their workplace pensions, so helping protect pensions saving for all staff.

"Setting the annual allowance at £40k, as the paper discusses, could be workable, but much depends on other variables that are yet to be confirmed.

"The provisional view in favour of 'flat factors' for valuing DB contributions is welcome, as it is important to keep the system as simple as possible. Much will hinge on the level at which the valuation factor is fixed.

"But it is disappointing that the Government seems to be pressing ahead with including past service in the valuation of defined benefit pension

rights. At a stroke this will drag many people on modest earnings with 'final salary' pensions into the net.

"There are still important issues to tackle, such as the level of the lifetime allowance. The NAPF will engage fully with Treasury policy-makers over the next month."

---

**Notes to Editors:**

The NAPF is the leading voice of workplace pensions in the UK. We speak for 1,200 pension schemes with some 15 million members and assets of around £800 billion. NAPF members also include over 400 businesses providing essential services to the pensions sector.

**Contact:**

Paul Platt, Head of Media and PR, NAPF, 020 7601 1717 or 07917 506 683.  
paul.platt@napf.co.uk