

Sixty second summary

Pensions aspects of the 2022 Autumn Statement

The Chancellor of the Exchequer, Jeremy Hunt, delivered an Autumn Statement on 17 November 2022. He relayed the Office for Budget Responsibility's conclusion that the UK economy is in recession, and that inflation will average 7.4% in 2023. Despite (or perhaps because of) that, there were few major pensions-related announcements, other than confirmation that the 'triple lock' will produce the largest ever increase to State pensions next April.

Taxation

In general, tax and National Insurance are to be fixed at their current levels for an additional two years, until April 2028. However, the threshold for the additional (45%) income tax rate will be reduced from £150,000 to £125,140 from April 2023 (this will apply to the whole of the UK for savings and dividend income, and to England, Wales and Northern Ireland in respect of other income, where the Scottish Parliament has devolved powers). The dividend allowance will be halved from April 2023, from £2,000 to £1,000; and then cut again, to £500, from April 2024.

Contrary to pre-Statement speculation, Hunt did *not* announce any extension to the freeze that is already affecting the lifetime allowance until 2025/26.

State pensions

The Chancellor confirmed that the outcome of the State pensionable age (SPA) review begun in February 2022 will be published 'in early 2023'. By legislation, the report must be issued by May 2023.

The Government will stand by the Conservative Party's manifesto promise to maintain the 'triple-lock'. State pensions will therefore increase in April 2023 by 10.1%, in line with Consumer Prices Index inflation over the year to September 2022, at a cost of £11 billion. The income guarantee element of Pension Credit will also increase by 10.1%.

Other help with the cost of living

The Energy Price Guarantee will be extended for another year, from April 2023, albeit at the slightly less-munificent level of £3,000 for the average household, rather than the current £2,500. In 2023/24, all pensioner households will receive a Cost of Living Payment of £300; where applicable, this is in addition to the Cost of Living Payments that are to be made to households on means-tested benefits (£900) and people on disability-related benefits (£150).