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HM Treasury

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Major General Neil Marshall OBE
Chief Executive
Forces Pension Society
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Our ref: MC2025/21242

14 May 2025

Dear General Marshall,

Thank you for your letter of 11 October 2024 to the Chief Secretary to the Treasury about the current system of pensions tax relief, specifically the tax-free pension commencement lump sum. I am replying as the Minister for Pensions. I am sorry for the delay in replying.

Firstly, I would like to assure you that the Government recognises the invaluable work of both current and veteran servicemen and women across the UK.

The Government wishes to encourage pension saving, to help ensure that people have an income, or funds on which they can draw, throughout retirement. The Government is committed to supporting savers of all incomes and at all stages of life. That is why, for the majority of savers, pension contributions made from income during working life are tax-free. Pensions tax relief is one of the most expensive reliefs in the personal tax system, costing £70.6 billion in 2022/23.

As you may be aware, there were no changes to the tax-free pension commencement lump sum in the Autumn Budget.

Thank you for taking the trouble to make me aware of these concerns.

Yours sincerely,

Torsten Bell MP

Minister for Pensions