

April 2025 and beyond

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Introduction

Several changes are on the horizon for pension schemes. A new Pension Schemes Bill is expected before the summer recess and the date for the first schemes to connect to the dashboards ecosystem is looming. Looking ahead, changes bringing pension schemes within the scope of IHT, potential changes to the PPF levy and the FCA's proposals for "targeted support" will be areas to monitor.

Key points

- The first cohort of pension schemes are due to connect to the dashboards ecosystem by 30 April 2025.
- The Government's response to its [consultation on options for DB schemes](#), which included proposals in relation to scheme surpluses, is expected in "spring", as is the final report on its [pensions investment review](#).
- The Pension Schemes Bill, which should cover the new VfM framework and surplus proposals, is [expected](#) before Parliament's summer recess.

Pensions dashboards

The largest schemes are expected to connect to the dashboards ecosystem in line with the [DWP's connection guidance](#) from 30 April 2025. Other schemes will follow in line with a staged timetable, ahead of the overall statutory connection deadline of 31 October 2026.

Preparations should be well underway, but trustees should liaise with their administrator to ensure everything is on track for connection (including any data improvement work).

Pension Schemes Bill

The much anticipated [Pension Schemes Bill](#) is due before the summer recess and is expected to cover:

- proposals relating to surplus. This should follow an expected response to the Government's [consultation on options for DB schemes](#) due this spring. See our [Hot Topic](#) for more details
- enabling provisions for the [new Vfm framework](#), with the detailed rules to be set out in regulations
- automatic consolidation of [deferred small DC pension pots](#)
- new duties for trustees to offer a retirement income solution or range of solutions, including default investment options, and
- a framework for [commercial DB superfunds](#).

Other issues

Tax protections

The application deadline for both fixed protection 2016 and individual protection 2016 is **5 April 2025**. After this date, individuals will not be able to apply for either of these protections. See our [Hot Topic](#) for more information.

Pension schemes established in the EEA

Under the Finance Act 2025, Overseas Pension Schemes (“OPS”) and ROPS established in the EEA will need to meet the same conditions as OPS and ROPS established in the rest of the world from 6 April 2025. This means that:

- an OPS established in the EEA will be required to be regulated by a regulator of pension schemes in the country it is established in unless that country does not have one, and
- a ROPS established in the EEA must be established in a country or territory with which the UK has a double taxation agreement or Tax Information Exchange Agreement.

Increase in employer NICs

From 6 April 2025, the rate of employer NICs will increase by 1.2% to 15% and the “per-employee threshold”, at which employers become liable to pay NICs, will reduce from £9,100 to £5,000 per year.

Automatic Enrolment

The existing earnings trigger threshold of £10,000 will not change for 2025/26. The lower and upper earnings bands will likewise be held at the same levels (£6,240 and £50,270 respectively).

Annual Allowance

The annual allowance for the 2025/26 tax year is remaining at £60,000 per annum.

What's still to come?

IHT on unused pension funds and death benefits

In the [Autumn Budget](#), the Chancellor announced that the Government aims to bring “most unused pension funds and death benefits” within the scope of IHT from April 2027. The Government is still exploring how this will work. A [consultation](#) on the proposals closed in January 2025, with a response and draft legislation expected later this year.

FCA's new “targeted support”

The FCA [consulted](#) on its proposals for “targeted support” in pensions, as part of the wider [Advice Guidance Boundary Review](#) over the winter period. Targeted support is aimed at the gap between existing guidance-based services and more bespoke advice. It would allow firms to provide individuals with suggestions that have been developed for a group of consumers who share the same characteristics. The FCA is aiming to consult on detailed requirements with draft rules and guidance in the first half of 2025.

Changes to the PPF levy

The Government is [considering](#) proposals to allow the PPF more flexibility to reduce the levy that it collects from pension schemes. The [PPF levy rules](#) for 2025/26 include a provision that enables the PPF Board to calculate a zero levy if appropriate legislative changes are “sufficiently progressed” over the course of 2025/26.