



**HOUSE OF COMMONS**

LONDON SW1A 0AA

15<sup>th</sup> March 2024

*Dear Anthony,*

**RE: TAX-FREE PENSION CONTRIBUTIONS**

Thank you for your recent correspondence in respect of your concerns about tax-free pension contributions. I have read your comments with interest.

At the 2023 Spring Budget, the Chancellor made changes to the tax-free limits in order to remove the disincentives to working longer.

Previously, you had to pay tax on pensions savings if your annual savings went above £40,000 per year (the 'Annual Allowance') or your total pot went above £1,073,100 in your lifetime (the 'Lifetime Allowance').

At the Budget, the Chancellor increased the Annual Allowance by 50 percent, meaning that individuals can save up to £60,000 per year before incurring a tax charge. He also removed the Lifetime Allowance charge, before the allowance is abolished entirely from the 6th April 2024.

The Office for Budget Responsibility estimates that this change will mean 15,000 more people staying in work and, taken together with reforms to childcare provision, contribute to the biggest upward revision to potential output in any of the OBR's forecasts since 2010.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

*With best wishes,*  
A handwritten signature in blue ink, appearing to be 'Tom Pursglove'.

**TOM PURSGLOVE MP**  
**MEMBER OF PARLIAMENT**  
**CORBY & EAST NORTHAMPTONSHIRE**