



Rt Hon George Osborne MP
Chancellor of the Exchequer
HM Treasury
Horse Guards Road
LONDON SW1A 2HQ

Dear Chancellor of the Exchequer,

As a leading UK pension company - the largest independent provider of Self Invested Personal Pensions - Hornbuckle Mitchell is a keen advocate of pension reforms designed to encourage higher levels of retirement provision.

Pension reforms enacted as part of the 2006 'simplification' did, for a time, have the beneficial effect of reinvigorating pension saving. But subsequent changes have undermined much of the renewed interest. Going forward we - the Government and the industry - need to work together to recapture the positive attitude towards pensions.

The reason for this letter is to highlight three practical and achievable steps that could be implemented quickly and would go a long way to helping rejuvenate public confidence in pension saving:

The first step is to implement rules to allow unused pensions of one generation to be passed on after death tax-free to subsequent generations. This would lay down the foundations for greater levels of pension wealth by motivating millions of pension investors who would know every penny put aside will directly benefit themselves or their families in the future. Tax relief granted on contributions would ultimately be recouped because income tax, although deferred, would not be avoided.



The second step is to maintain fairness to all pension savers by ensuring there is no double-taxation on earned income. The introduction of a lower annual contribution limit - set at around £50,000 a year - would be broadly consistent with the overall lifetime allowance while preventing what could otherwise be regarded excessive tax relief claims by a small number of individuals. Such a change would be administratively far simpler than reducing tax relief for higher earners, while also avoiding any pension investor is double-taxed on income.

This third step we believe is necessary is the abolition of the restrictions on the use of pension funds that currently exist around the age of 75. Scrapping the current rules will allow retirees to focus on choosing the best income plan to meet their individual needs and spark innovation for all those being forced to come to terms with living longer and working later. Lifetime annuities will, of course, continue to be bought in large numbers by those who are convinced they are the most suitable income-generating option for their own circumstances

Experience tells us that frequent rule changes undermine confidence so we would support a long-term commitment to rules that encourage people to save and still exist when those same people reach retirement. Pensions rules also need to reflect the facts of life as experienced by millions of working people. The steps outlined above will motivate many more to engage with pensions and help to reduce bureaucracy while having a long-term positive impact on the Government's revenues. I look forward to your response.

Yours sincerely

Dave White

Managing director

Hornbuckle Mitchell