

Consultation launched to improve funding for pension bodies

Press release

Government plans to increase funding for pensions industry protection bodies via the General Levy have been announced today.



The Department for Work and Pensions has launched a consultation on proposals to change the structure of the levy – the annual charge paid by pension schemes – and raise rates for the next three years, from April 2021 onwards.

The levy helps fund three arm's-length bodies sponsored by the DWP: The Pensions Regulator; The Pensions Ombudsman; and The Money and Pensions Service. It also funds part of the development costs for the pensions dashboard.

The levy rates were last increased in 2008/09, and were reduced by 13% in 2012/13. However, the levy deficit is expected to reach approximately £80 million by March 2021.

In considering its options, the government has sought to balance the need to adequately fund the pensions bodies, while also limiting its impact on the pensions schemes that fund it.

Minister for Pensions Guy Opperman said:

Changes within the pensions industry and regulatory landscape have resulted in growing responsibilities for the DWP's pensions bodies, putting additional pressure on their expenditure.

Whilst the government has protected the industry from increases in the levy over a number of years, we can no longer avoid the fact that action is needed to bring levy rates back into balance with expenditure.

The levy is payable by the trustees of registrable occupational and personal pension schemes. The amount levied on individual schemes is calculated based on the number of scheme members.

- Read the [full consultation](#) on GOV.UK.
- The consultation period begins on 16 December 2020 and runs until 27 January 2021.

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