Rutherford Asset Management Limited

Summer Newsletter 2025

Lost pensions have doubled since 2018

Check you haven’t lost any of yours!

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Inside this issue

£31.1 billion of lost pensions
There is an estimated £31.1 billion worth of lost pensions. Make sure none of your pensions fall into this category.

Survey on Pension Attitudes
A recent survey has raised questions about retirement readiness. Even among those who claim to have a plan, many have not given much thought to how they will generate income in retirement.

Free childcare expansion
From September 2025, 15 hours per week of free childcare for eligible working families will expand to 30 hours! That's good news for working families with young children.

Is the future of the State Pension in question?
The ageing population will add considerable pressure on public finances in coming decades. Many believe the State pension is unaffordable in the longer term.

Spring Statement Highlights
There was a focus on financial stability, economic growth and efficiency gains; with an emphasis on tackling tax evasion.

Welcome to the summer edition of our quarterly client newsletter, which provides topical financial articles.

These newsletters are intended to bring a few key topical issues to your attention. If you would like to discuss any of them (or any other aspect of your financial planning) in more depth, please contact us.

Please note: We may not necessarily advise on all the topics in each newsletter, but thought they may be of interest to you.

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Any information in this newsletter does not constitute advice and should not be acted upon without taking professional guidance.

The value of pensions and investments and the income they produce can fall as well as rise and you may not get back the full amount that you originally invested.

Have you lost a pension? The lost £31 billion...

There's an estimated 3 million 'lost pensions' worth over £31 billion

The Pension Policy Institute (PPI) research has shown that there was over three million 'lost' pensions, worth over £31 billion. This figure has significantly increased since 2018 (with 1.62 million misplaced pensions). The Pensions Policy Institute provides independent comment and analysis on public policy on pensions and retirement income provision in the UK.

https://www.pensionspolicyinstitute.org.uk/media/k4ai4qt1/20241024-lost-pensions-2024-press-release-final.pdf

What counts as lost?

The PPI counts a pension as 'lost' if the pension's administrator is unable to contact the pension owner. While the definition of uncontactable varies between administrators, it will generally involve not having heard from the owner within a certain time or discovering that the owner's details on file are out of date, so the provider is unable to contact them.

With most people changing jobs throughout their working life, pension savings can get lost. Not keeping track of your pensions with different employers could lead to you missing out.

Perhaps you've changed jobs?

Changing jobs isn't the only way you can lose track of your pensions. Your pension provider may have merged or rebranded, which can make it hard for you to know who to contact or you could have moved house without updating your details with your pension provider.

Lost and found

It's not always easy to keep track of a pension, especially if you've been in more than one scheme or have changed employer throughout your career. But, it's important that you do claim your pension, so the sooner you trace a lost pension, the better.

Pension Tracing Service

The first place to contact is the Pension Tracing Service at https://www.gov.uk/find-pension-contact-details or call 0800 731 0193. This has a register of all workplace schemes.

Consider your options

If you have several different pension pots, you might consider consolidating them into one.

Most occupational and private pension schemes can be transferred. Consolidating all your pension savings could make it easier for you to track the performance of your pension pot and could also reduce costs.

Do proceed with caution and take expert advice – once made, the decision to switch is irreversible and a wrong decision could incur harsh penalties.

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Survey on retirement attitude makes interesting reading

Survey on "attitudes to retirement"

A survey by BlackRock makes interesting reading on attitudes to retirement.

https://www.blackrock.com/uk/literature/presentation/read-on-retirement-pdf-uk-retail.pdf

BlackRock is a large investment manager and they recently published a review of the UK's retirement "landscape". Although not definitive, it could be indicative of attitudes towards retirement savings.

Generational differences

Gen X (born 1965–1980) and pre-retirees were able to prioritise retirement saving.

Millennials (born 1981–1996), felt unable to make any plans due to their current financial pressures.

Gen Z (born 1997–2013) appeared more concerned about enjoying life today rather than planning for the future.

"Head and Heart" on pension savings

Four-out-of-five agreed that putting money into a pension was the most effective way to save for retirement, whilst almost two-in-three thought it was the only chance they had of a decent retirement income.

Although, when it came to act or to make a decision, 55% did not believe their level of pension contributions were sufficient.

Staying on track can be a concern

In response to the question 'Do you think you are on track to allow you to have a reasonable standard of living in retirement?', only 26% said 'yes', with 35% saying no, with 39% in the 'don't know' category – a six-year high.

Even among pre-retirees, over a third were unable to give a definitive answer. When asked for the reason why they felt they were not on track, half said that they could not afford to save enough. There was pessimism around the future of the state pension with 44% taking the view that the State Pension would not be worth much by the time of their retirement.

Struggling with pension saving?

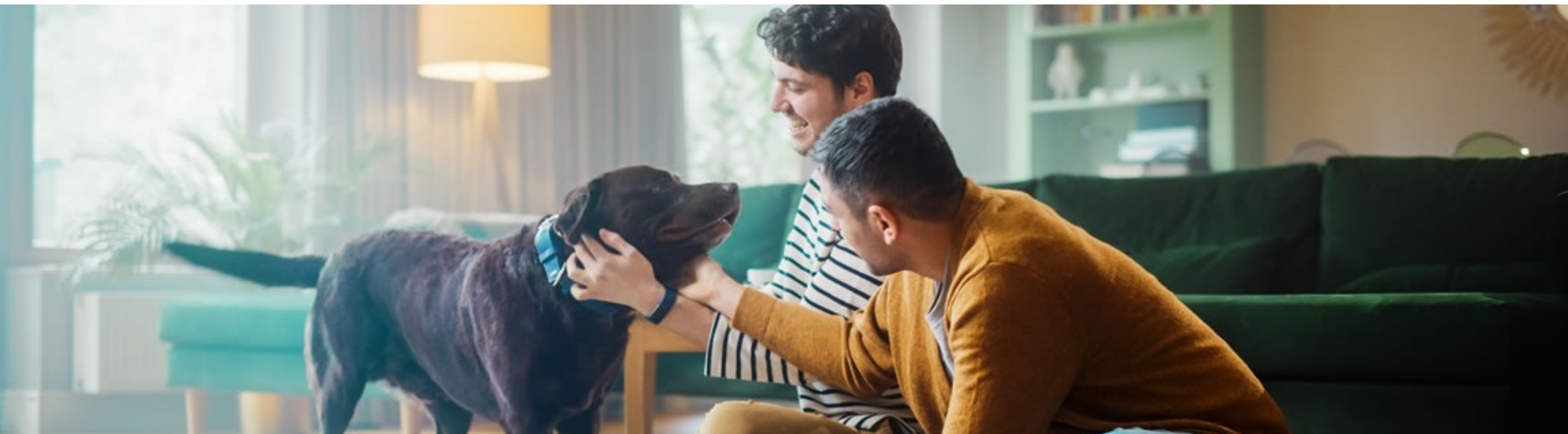
Although pension saving might not be easy, it may be easier than you think. There's often time to support your retirement prospects and alter their current trajectory. By paying attention on not under-saving and also tapping into opportunities when you have more money, you may be able to make a difference.

You could look at saving more, once debts have been paid off, and increasing pension contributions when you receive a pay rise or a decrease in mortgage payments. Even a small increase in contributions can make a significant difference to eventual retirement income. It is tempting to think of pensions as non-essential spending – something that can be put off till later.

Saving into a pension comes with the advantage of tax-relief and compound interest and can be a smart move for your future.

The value of pensions and investments and the income they produce can fall as well as rise and you may not get back the full amount that you originally invested.

Levels and bases of, and reliefs from, taxation are subject to change and their value will depend upon personal circumstances. Taxation and pension legislation may change in the future.



Free Childcare - increasing from 15 to 30 hours per week

There's an expansion of free childcare from 15 to 30 hours per week in September!

For children aged 9 months to 4 years.

From September 2025, 15 hours of free childcare for eligible working families will expand to 30 hours. This means eligible working parents can now apply for 30 hours of childcare from the term after their child turns 9 months until they reach school age.

It's important to note that your childcare provider must be signed up to the scheme. If you want to use the full 30 hours from September, you need to apply by August 31st.

These hours can be used over 38 weeks of the year during school term time, or up to 52 weeks if you use fewer than your total hours per week.

Tax-free childcare

In addition to your free childcare entitlement, you can also receive payment for each child to take account of any tax paid, up to set limits.

You can get up to £500 every 3 months (up to £2,000 a year) for each of your children to help with the costs of childcare. This goes up to £1,000 every 3 months if a child is disabled (up to £4,000 a year).

If you get tax-free Childcare, you'll need to set up an online childcare account for your child. For every £8 you pay into this account, the government will pay in £2 to use to pay your provider. You can apply from when your child is 23 weeks old.

If you've already registered, you can sign in to your childcare account: https://www.gov.uk/sign-in-childcare-account

Am I eligible for free (and tax-free) childcare?

Your eligibility will depend on:

1. whether you're working (employed, self-employed, or a director)
2. your income (and your partner's income, if you have one)
3. your child's age and circumstances
4. your immigration status

Your income

Working parents who individually earn more than £10,158 (aged 21 and over from April 2025) but less than £100,000 per year are eligible.

If you're in a couple, to get the full amount, the rules apply to both of you so you must both earn at least £10,158 and neither one of you can earn more than £100,000 adjusted net income.

Click here to find out if you're eligible: https://www.childcarechoices.gov.uk/

There's more information on tax-free childcare here: https://www.gov.uk/tax-free-childcare

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The future of the state pension doesn't look promising

The Pension Review recommends reform options for future generations

The Pensions Review assesses what pensions policy and the economic environment mean for future retirees' living standards, recommending reform options.

The Pensions Review – led by the Institute for Fiscal Studies in partnership with Abrdn Financial Fairness Trust, is a project to comprehensively assess the consequences of current pension policy, the economic environment and individual behaviour for the future of living standards in retirement. It will also provide recommendations for reform to improve outcomes for future generations of pensioners across the UK.

IFS Pensions Review
https://ifs.org.uk/publications/future-state-pension

Abrdn Financial fairness
https://www.financialfairness.org.uk

Key Points from Pension Review

The ageing population will add considerable pressure on public finances in coming decades.

On its own – the triple lock could easily cost anywhere between an additional £5 billion and £40 billion per year in 2050 in today's terms.

Relying only on raising the state pension to rein in spending age to achieve this, rather than moving to less generous indexation, would hit those with lower life expectancy harder.

There seems to be a general pessimism around the future of the state pension.

Even for households for whom the new state pension is enough to keep them above the income poverty line, it is not enough on its own for a comfortable retirement or to provide most people with a standard of living they have been used to in working life.

Will today's state pension today keep up with what you need?

Knowing what to expect from your future State Pension, and when you can expect to get it, can be an important part of planning for your life after work. In April 2025 the state pension increased by 4.1%, in line with the annual increase in the Average Weekly Earnings (AWE) index for May–July 2024.

Even with this rise in April, a full new State Pension is just over £11,973 a year. Keep in mind that the Retirement Living Standards (2024) suggested a single person would need £14,400 a year to cover just a minimum retirement lifestyle.

Achieving a comfortable retirement can take planning; not just about your budget but how you're going to spend your time and the transition into retirement itself.

It can require a degree of thought and foresight and your state pension and any shortfalls should be part of that.

https://www.retirementlivingstandards.org.uk/news/retirement-living-standards-2024

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At a glance - The Spring Statement

Focus

The government is focused on securing Britain's future through its Plan for Change – driving economic growth, building an NHS fit for the future and keeping the country safe.

The Spring Statement 2025 set out a path for fiscal stability, focusing on reducing the deficit, investing in housing and defence, and supporting income growth.

Notably, there were no tax increases in the Chancellor's Spring Statement.

OBR Forecasts

In March the OBR forecast that the economy would grow by 1.0 per cent in 2025, slower than expected in October 2024. Growth was forecast to accelerate to 1.9 per cent in 2026.

Affordable Housing

The government will invest an additional £2 billion in social and affordable housing in 2026–27. With wider long-term investment into social and affordable housing through the Spending Review following.

Public Service Reform

The Chancellor announced that the government is also confirming the creation of a £3.25 billion Transformation Fund to support the fundamental reform of public services, seize the opportunities of digital technology and Artificial Intelligence (AI), and transform frontline delivery to release savings for taxpayers over the long-term.

Employment and Skills

The government will invest in additional employment, health and skills support from 2026–27 to help people start or stay in work, and not fall into long-term economic inactivity, scaling up to £1 billion a year by 2029–30.

Welfare

The government will rebalance the payment levels in Universal Credit, to promote work and address perverse incentives, while protecting those who will never be able to work. The OBR and Institute for Fiscal Studies suggest benefit changes which have widened the gap between incapacity benefits and other types of benefits over the last decade have been a factor in driving higher incapacity benefit claims.

Making Tax Digital (MTD)

MTD for tax returns (see page 5) is to be expanded from 2027 to include lower levels of income tax. Taxpayers with sole trade or property income of more than £30,000 is to be brought into MTD from April 2027 with the threshold reducing to £20,000 in 2028.

Third-party software will be needed to file the digital tax return.

Growth

It was announced that the government is increasing capital spending by a further £13 billion over the Parliament to support growth-enhancing investments including infrastructure, housing, and defence innovation. This is in addition to the £100 billion increase in capital spending over the Parliament announced at the Budget last autumn.

COVID-19 fraud recovery retention

The Chancellor announced that the government has accepted the Covid Counter Fraud Commissioner's recommendation to improve incentives on departments and Local Authorities to recover fraud from Covid schemes.

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