



NEWS UPDATE - 12 October 2026

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Pension triple lock reform breaks out

The state pension triple lock is set to be adjusted under new proposals.

The triple lock was introduced by the coalition government in 2010 with the goal of raising the value of the basic state pension as a proportion of average earnings. It currently requires the old and new state pension (but not any other state pension components) to increase each April by the greater of:

- Yearly consumer price index (CPI) inflation to the previous September;
- The annual growth in average earnings (including bonuses) for the previous May to July period; or
- 2.5%.

At the time of writing, it looks almost certain that for April 2027, the triple lock increase will be determined by the earnings growth number, which was 3.9%. August 2026 yearly inflation was 3.1%.

What might change?

In his late September speech to the Labour Party conference, Andy Burnham proposed to “adjust” the triple lock so that from 2030 onwards – after the next election – increases would be the greater of:

- CPI inflation;
- 2.5%; and
- the amount required to ensure the state pension grows in line with average earnings growth from 2030.

The difference from the current version may sound like the proverbial splitting of hairs, but it will have long-term impact. The present best-of-

three system has a ratcheting effect, which means that in the long run the state pension rises faster than earnings. This would not be the case for Burnham’s adjusted triple lock.

According to the Resolution Foundation, if the new mechanism had been in place since 2012, it would have meant the State Pension was:

- 4.5% higher than if increases were linked to earnings, but
- 5.9% lower than the existing triple lock.

The impact would then probably come through only slowly. From 2030 there will be no effective change from the current version of the triple lock, while yearly earnings growth outpaces both price inflation and 2.5%. Nevertheless, in the long term, the savings on pension expenditure could be significant. The government estimates that by the end of the 2030s, savings could amount to £15 billion a year, rising to £50 billion a year by 2050.

Those savings are earmarked for funding adult social care, but they also mean a less generous state pension than the current triple lock would provide. A reminder that personal pension planning is a key component of future financial well-being.

Read more about the prime minister’s plans for a new national care service from the link below:

<https://www.gov.uk/government/news/prime-minister-andy-burnham-sets-out-plans-for-a-new-national-care-service>

Child Trust Funds lost in time

Almost three million Child Trust Funds (CTFs) have been claimed or transferred into an individual savings account (ISA), but around 827,000 matured CTFs remain unclaimed; worth an average £2,310 each.

CTFs were opened for every child born between 1 September 2002 and 2 January 2011, with accounts benefiting from an initial cash voucher:

- Even if parents did not open a CTF, HMRC would have opened one on a child's behalf. Without parental involvement, it is no surprise that many account holders are unaware of a CTF's existence.
- The government added a further amount for any child who turned seven by 31 July 2010.

CTFs are held by banks, building societies and other savings providers. The number of providers has shrunk, with some merging and others exiting the market, meaning many CTFs will now have a different provider than when an account was set up.

Taking control

Those aged at least 16 years old can take control of their CTF, and it might well be worthwhile moving funds to a junior ISA for a better rate of interest. Upon maturity at age 18, funds can be withdrawn or reinvested in an adult ISA.

Tracing lost accounts

If the provider is known, then they should be contacted directly. Funds can be moved to another provider into an ISA, but it may pay to shop around. If the provider is not known, HMRC provides an online tracing service for parents and guardians, or for those aged at least 16 and looking after their own CTF.

The child's national insurance number and date of birth are required, with a request taking about five minutes to complete. HMRC will normally respond with details of the CTF provider within three weeks, although they will not specify how much is in the account.

The oldest matured CTFs are now more than six years old, and some young people may be completely unaware that they have savings available to them.

The starting point for HMRC's CTF tracing service can be found from the link below:

<https://www.gov.uk/child-trust-funds/find-a-child-trust-fund>



Gifting breaches risk unexpected IHT bills

A general misunderstanding of how the rules work when making a lifetime gift to an individual (known as a potentially exempt transfer (PET)) has resulted in many families facing an unexpected inheritance tax (IHT) bill.

IHT thresholds have been frozen for 17 years and will remain so until at least 5 April 2031. It's therefore no surprise that more individuals than ever are making PETs with the aim of minimising the IHT liability when they ultimately die. However, the way in which PETs work can be complex.

Understanding the seven-year rule

The amount of IHT payable on failed PETs has increased substantially in recent years. The fact that a PET only becomes completely exempt if the donor lives for seven years is well understood.

A common misconception, however, is that the IHT payable in respect of a PET reduces on a sliding scale if the donor lives for between three and seven years.

This misconception arises because of the way in which taper relief works: the relief only comes into play if some (or all) of the PET is not covered by the donor's £325,000 nil rate band.

For example: An individual makes a PET of £250,000, then dies six-and-a-half years later. The misconception is that the value of the

PET will be reduced by 80% because of taper relief. The reality is that the £250,000 gift is fully covered by the donor's nil rate band, and only the remaining nil rate band of £75,000 is then available to set against the estate. The end result is that the gift of £250,000 will have saved very little IHT.

IHT remains a tax that is paid on fewer than one in 20 estates, but receipts have increased, with the total number of deaths incurring the tax increasing by 3.6% between 2022/23 to 2023/24, the most recent statistics. There is an increasing perception that IHT has moved from being a tax on the wealthy, to a penalty on a wider range of estates. A wealthy individual able to afford gifts in the millions is much more likely to benefit fully from taper relief. Taking advantage of available allowances and ensuring gifting is used correctly is therefore becoming increasingly important.

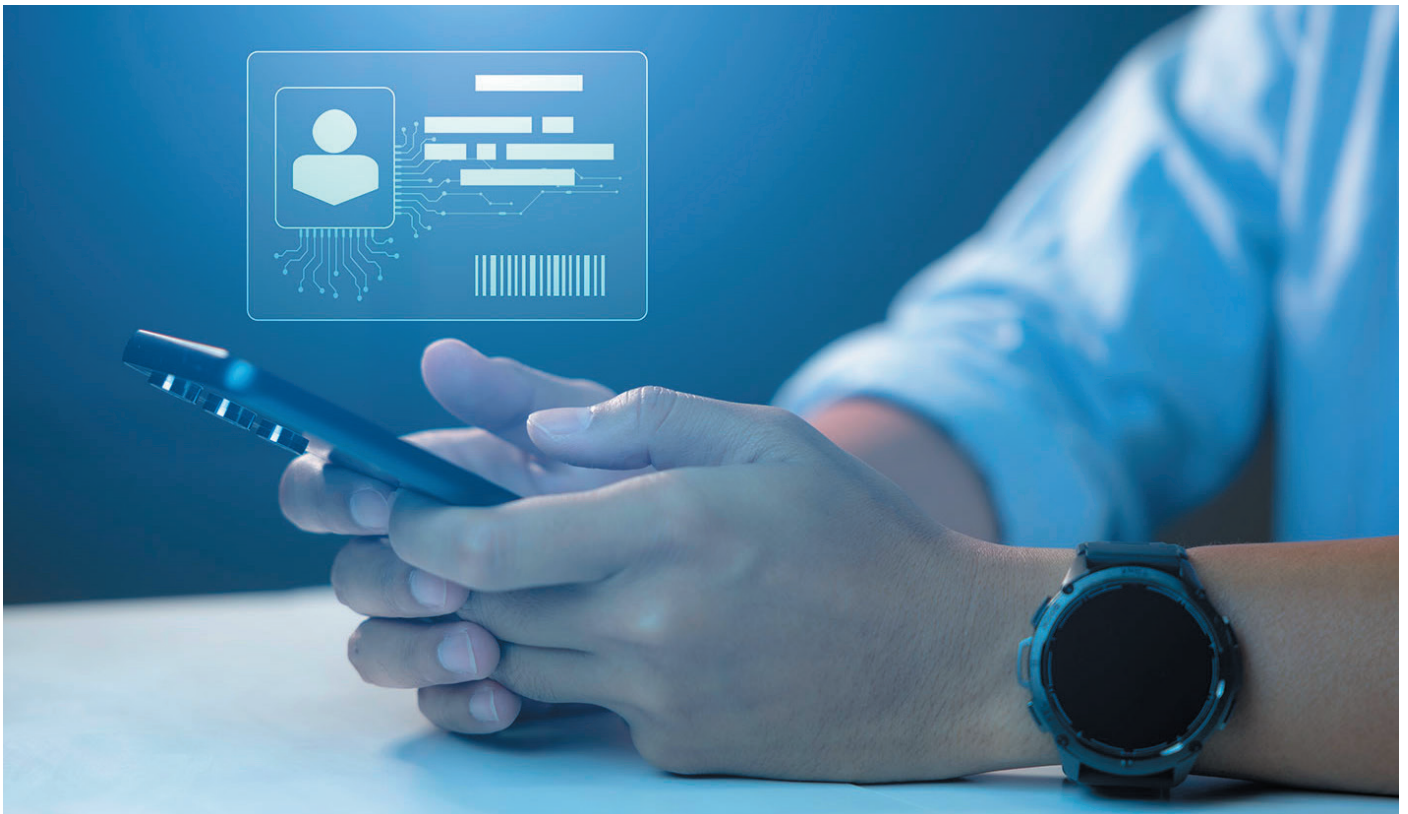
HMRC's basic guide to how IHT works, including taper relief, can be found from the link below:

<https://www.gov.uk/government/statistics/inheritance-tax-liabilities-statistics/inheritance-tax-liabilities-statistics-commentary>



PSC identity verification lag

Companies House identity verification is progressing reasonably well, although the latest figures show that compliance by people with significant control (PSCs) is well behind compliance by directors.



What a director, who is also a PSC, may not realise is that, although they will have a single 11-character personal code from Companies House, this code has to be provided separately for each role they hold.

Directors

Directors have been required to link their personal code with each directorship held when filing a company's first confirmation statement on or after 18 November 2025.

- This aspect of Companies House's identity verification exercise is moving towards completion, with 68% of directors informing Companies House of their verified identity by 23 September.
- Some 18% of directors, however, are overdue with their compliance.

Although identity verification may have been successfully completed, a director will still be classed as unverified until their personal code is linked to their directorship. Newly appointed directors have to provide their code as part of the appointment process.

Persons with significant control

Only 56% of PSCs had submitted their personal code by 23

September, with 26% overdue. A company's confirmation statement cannot be submitted until all directors have verified their identity, but there is not the same requirement with PSCs:

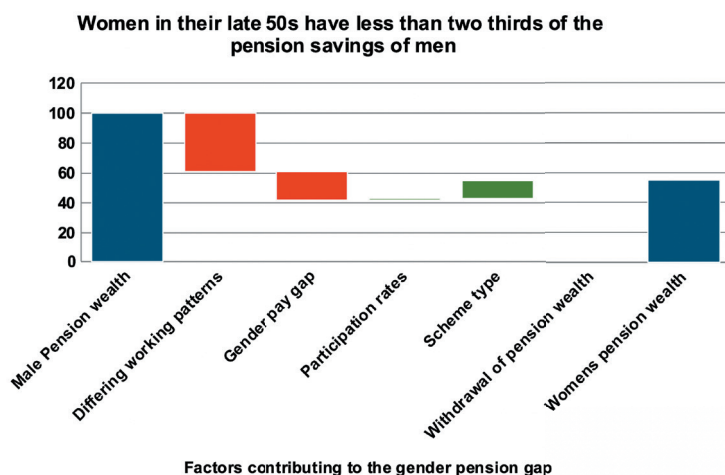
- Director and PSC of the same company: For the PSC role, the personal code is submitted using a separate service within 14 days of the company's confirmation statement date.
- PSC but not a director of the same company: The code has to be provided within the first 14 days of the PSC's birth month. For example, if born 28 October, the 14-day submission period will run from 1 to 14 October 2026.

Individuals who become a PSC should provide their personal code within 14 days of being added to the Companies House register. Companies House guidance on identity verification can be found from the link below:

<https://www.tax.service.gov.uk/guidance/work-out-company-car-and-fuel-benefit/start/tax-year>

The other gender pay gap

The gender pay gap does not disappear when work ends. If anything, it gets worse.



Source: PPI

How wide is the gender pay gap? The answer might surprise you. The most recent assessment from the Office for National Statistics (ONS) puts the gap for full-time employees in April 2025 at 6.9%. In 2005, the ONS figure was nearly twice as much – 13%.

However, there is another gender pay gap where the difference between the sexes is far greater – the gender pension gap. A new report from the Pension Policy Institute (PPI) has highlighted the gap – chasm might be a better description – in pension wealth between men and women in their late 50s, typically within ten years of retirement.

The graph above is based on men and women aged 57 and shows a gap of 46%. Viewed from the male perspective, this means on average a 57-year-old man has 85% more in his pension pot than a woman of the same age. The PPI attributes the yawning gap to a variety of factors, with the two main ones being:

- Differing working patterns:** The proportion of women in employment is lower than for men (75% vs 82%). Among those who are in employment, more women tend to work part-time (33% vs 10%), often because they are a family's primary caregiver. The gender pay gap for part-time work favours women – the ONS says women part-timers earn 2.9% more than their male counterparts. The snag is that while the pay rate may be higher, total earnings are lower than for full-time work.

- Gender pay gap:** Pension contributions are normally linked to pay – contributions are often a percentage of salary. As women on the whole earn less than men, the same percentage contribution produces a smaller cash contribution and so a smaller pension pot. At low earnings levels, this can be exacerbated by the automatic enrolment rules, which exclude anyone earning up to £10,000 a year and, for those who are enrolled, ignore the first £6,240 of earnings in calculating contributions. That equates to about £500 a year of contributions (at 8%) that are not made.

If you find yourself on the wrong side of the pension gender gap, consider increasing your personal pension contributions if possible. And take advice on your overall retirement planning. Read more about the gender pay gap from the link below:

<https://www.pensionspolicyinstitute.org.uk/media/hex13kmt/20260915-underpensioned-updating-the-gender-pension-gap.pdf>



Should you wish to discuss this News Update in further detail please contact BGM at: communications@bgm.co.uk

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