

Flexible Payments from Pensions

July 2020 Official Statistics



HM Revenue
& Customs


£2.3bn
IN FLEXIBLE
PAYMENTS


17%

Through Q2 2020, £2.3 billion was withdrawn from pensions flexibly - a 17% decrease year-on-year from £2.8 billion (Q2 2019). The total value of flexible withdrawals from pensions since flexibility changes in 2015 has now exceeded £37bn.


340,000
INDIVIDUALS


1%

Q2 2020 saw 340,000 individuals withdraw from pensions, a 1% increase from 336,000 in the same quarter of the previous year. However, there has been a decrease in the number of individuals withdrawing compared to the previous quarter Q1 2020 (348,000) – which is contrary to normal seasonal patterns. Withdrawal numbers typically rise in Q1, before peaking in Q2, as this coincides with the beginning of a new tax year. This change in behaviour may be attributable to the impact of the COVID-19 pandemic.


£6,700
AVERAGE
WITHDRAWAL


18%

The average amount withdrawn per individual in Q2 2020 was £6,700, falling by 18% from £8,200 in Q2 2019. Since reporting became mandatory in Q2 2016, average withdrawals have been falling steadily and consistently, with peaks in the second quarter of each year becoming a noticeable trend, however on this occasion we have not seen a peak in Q2. This may also be linked to the impact of COVID-19.

About this release

This publication includes the number of flexible payments made from pensions, the number of individuals who have received these flexible payment and the total value of all flexible payments reported to HMRC.

Further information regarding pension flexibility can be found in the below link:

[Pension Flexibility Guidance](#)

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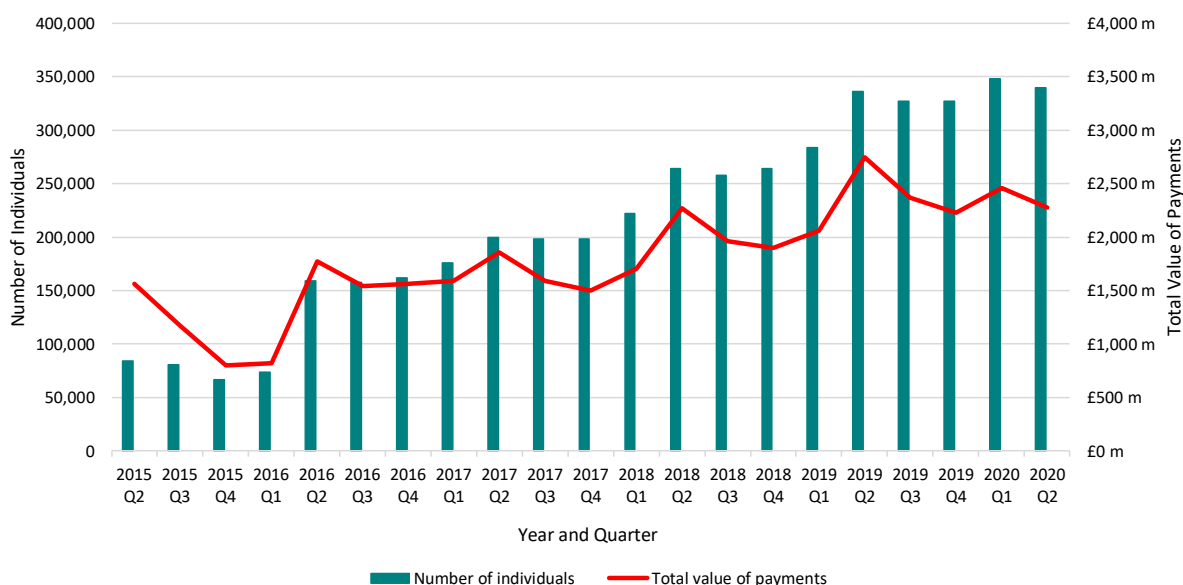
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Number of Individuals Taking Flexible Payments From Pensions and Value of Flexible Payments From Pensions



Background to Pensions Flexibility

Pension freedom tax rules allow members of defined contribution pension schemes to access their pension savings early, provided they have reached the required minimum pension age (currently 55).

Scheme members can take their pension benefits in a number of ways. This could be as one or more payments a year for a number of years, several payments a year over a shorter timeframe or the full value of the fund could be taken in one payment.

HMRC only receives information on taxable flexible payments. Tax free payments or any elements of payments that are not taxed are not included in these statistics.

The numbers published for tax year 2015 to 2016 are not comprehensive. To manage the burden on industry, reporting was optional for tax year 2015 to 2016, before becoming mandatory from April 2016. The increase in reported payments seen in Q2 2016 onwards is expected to partly result from this.

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Statistical Annex

Year and quarter	Number of individuals	Total Value of Payments
2015 Q2	84,000	£1,560 m
2015 Q3	81,000	£1,170 m
2015 Q4	67,000	£800 m
2016 Q1	74,000	£820 m
2016 Q2	159,000	£1,770 m
2016 Q3	158,000	£1,540 m
2016 Q4	162,000	£1,560 m
2017 Q1	176,000	£1,590 m
2017 Q2	200,000	£1,860 m
2017 Q3	198,000	£1,590 m
2017 Q4	198,000	£1,500 m
2018 Q1	222,000	£1,700 m
2018 Q2	264,000	£2,270 m
2018 Q3	258,000	£1,960 m
2018 Q4	264,000	£1,900 m
2019 Q1	284,000	£2,060 m
2019 Q2	336,000	£2,750 m
2019 Q3	327,000	£2,370 m
2019 Q4	327,000	£2,230 m
2020 Q1	348,000	£2,460 m
2020 Q2	340,000	£2,280 m