HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dame Meg Hillier MP
Chair of the Treasury Committee
House of Commons
London
SW1A 0AA

24 February 2025

Dear Meg,

Further to the Treasury Select Committee session on cash acceptance on 28 January, I am writing with further detail regarding the Government's position on the use of funds extracted from occupational defined benefit pension schemes.

The Government believes that it is for individual scheme trustees and sponsoring employers to determine how best to use surplus funding, as is already the case for schemes that are able to extract surplus under their existing rules. Giving discretion to trustees and employers will drive greater choice for both and can support growth in the economy.

This Government will set out the details of the surplus policy in its response to the Options for Defined Benefit Schemes consultation in Spring this year. We will ensure that any additional freedoms for trustees to access surplus will contain appropriate safeguards for member benefits.

The Committee also expressed an interest in work on the Government's Financial Inclusion Strategy. This is being developed alongside a supporting Financial Inclusion Committee, which I chair, and will seek to tackle the barriers to individual and households' ability to access affordable and appropriate financial products and services. I am pleased to confirm that the strategy will be published later this year.

I appreciate the committee's interest in this issue.

Yours sincerely,

EMMA REYNOLDS MP
ECONOMIC SECRETARY TO THE TREASURY