Press release

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PRESS RELEASE

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Sackers urges pension schemes to prepare now for inheritance tax changes

Sacker & Partners LLP (Sackers), the UK's leading specialist law firm for pensions and retirement savings, is urging pension scheme trustees to start preparing now for significant changes to the inheritance tax treatment of pensions. A poll conducted during a recent Sackers webinar on the new regime, highlighted areas of continuing uncertainty and the practical challenges schemes will need to address.

From 6 April 2027, most unused pension funds and death benefits will be brought within scope of inheritance tax (IHT), creating new responsibilities and potentially significant administrative challenges for pension schemes.

Polling during the webinar found that more than two thirds of respondents felt very ready or fairly confident about their readiness for the changes. However, attendees highlighted continuing uncertainty around the detail of the new regime, with time pressure on making death benefit decisions and payments identified as the leading concern.

The webinar highlighted a number of practical implications for trustees:

- New administrative obligations: schemes will need processes for responding to personal representatives, providing information and dealing with withholding and payment notices within statutory deadlines.
- Death benefit decisions: the potential IHT implications may be a relevant factor when trustees exercise their discretion, but it should not override other relevant considerations when deciding the appropriate beneficiary.
- Discretionary benefits: almost half of respondents said they currently expect to continue their existing approach to discretionary death benefits, while a similar proportion intend to wait and see how practice develops before considering changes.
- Member communications: the most popular approach among respondents was to include a brief explanation of the changes in existing communications such as member newsletters, although schemes will need to ensure that communications provide guidance rather than stray into individual tax advice.
- Action now: trustees should confirm who their scheme administrator is for tax purposes, speak to their day-to-day administrator about readiness, review scheme rules and member documentation, consider necessary member communications, and review privacy notices and data protection processes.

The webinar also highlighted that further HMRC guidance is still awaited, meaning schemes will still have important details to work through before the new regime comes into effect.

Eleanor Daplyn, partner, comments: "While our polling suggests many trustees are relatively confident about their preparations, the volume and detail of questions we received shows there is still a lot to work through. The new regime will affect not only the tax treatment of certain pension benefits, but also how schemes administer deaths, interact with personal representatives and beneficiaries, and meet new deadlines.

"With 6 April 2027 approaching, trustees should be speaking to their administrators now and reviewing their processes, scheme documentation and member communications. While further guidance is still to come, there is plenty that schemes can and should be doing in the meantime."

*Based on 120 respondents representing all areas of the pensions industry.

-ENDS-

Notes to Editors:

Sacker & Partners LLP (Sackers) is a top-tier commercial law firm celebrating its 60th anniversary in 2026.

The firm specialises in advising pension scheme trustees, employers, and providers on all aspects of their pension arrangements.

Widely regarded as leaders in the field, Sackers advises more of the UK's top 200 pension funds than any other law firm and is consistently ranked in the top tier for pensions by leading UK legal directories (Chambers UK and Legal 500), a position held for over twenty years.

Based in London, over 80 lawyers support trustee boards, sponsoring employers, providers and Government bodies across areas including day-to-day scheme management, funding and investment, projects, risk and litigation.

Sackers is an active member and Friend of Retirement Livings Standards, the Association of Pension Lawyers and the Society of Pension Professionals and is the technical legal expert partner to the Pensions Management Institute.

Sackers was recently named Pensions Law Firm of the Year 2026 at the Pensions Age Awards. In 2025, Sackers was named Best Pensions Law Firm at the Corporate Adviser Awards, won Pensions Lawyers of the Year at the UK Professional Pensions Awards, and received the Organisational Award for Supporting Diversity at the Professional Pensions Women in Pensions Awards.

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