

# Pension tax reliefs cost Â£48 billion a year

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Yesterday the [Centre for Policy Studies claimed](#) that pensioner households that received more in income from the state than they p[aid in tax were a burden that justified further welfare reforms.

That's nonsense. But what the CPS ignored is that the [cost of tax relief for private pensions](#) is now a staggering £48 billion a year, made up of £34 billion in tax relief and £14 billion of national insurance subsidy. That is a [staggering 14.8% of all income tax, national insurance and corporation tax](#) to be collected in 2015-16. It's also [about 50% of the total cost](#) of state pensions.

The real question is why we now provide this relief when such relief can now be claimed without a person actually taking a recognisable pension that guarantees an income for life, or even by participating in a mutual arrangement where risk is collectivised, which was always been the underlying social logic of pension arrangements that justified tax relief. When, instead, pensions have become little more than another form of saving for those better off the logic of tax relief to encourage savings that the economy does not need and which do, in the vast majority of cases, simply increase the wealth divide (because only those already sufficiently well off to make ends meet can, in the main, make pension savings) makes little sense.

But the CPS, oddly, draws no attention to that fact.