

George Osborne's pension crisis in the making

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This is [from the Guardian this morning](#):

More than 200,000 people have emptied their pension pot or withdrawn cash from it after the relaxation of rules on accessing retirement savings this year.

The first comprehensive independent analysis shows that 204,581 people have taken advantage of the [pension freedoms bought in by George Osborne](#) on 6 April that give those aged over 55 unfettered access to their money for the first time.

The figures from the [Financial Conduct Authority](#), the City watchdog, show that 137 savers cashed in pension pots worth £250,000 or more, despite the fact that only 25% of any lump sum withdrawn is tax-free. Of the remainder who cashed in their entire savings, more than 47,000 withdrew pots worth up to £30,000.

At the same time, the sale of annuities — which provide a regular income from the pot of money that a pension plan holder has accumulated during their working life — took a major hit. Just more than 12,000 annuities were sold between April and June compared with almost 90,000 in the same period two years earlier.

This is really worrying for three reasons.

First, this is a short term and likely to be unsustainable tax hit distorting real tax data.

Second, this reduces the demand for gilts and makes government funding a little harder (or brings on the case for PQE). Is this deliberate?

More worrying - increasing numbers of people will end up with even less adequate pension provision.

Is this the George Osborne pension crisis in the making?