



# PATHways

PENSION ADMINISTRATION TECHNICAL HELP

HIGHLIGHTING PENSIONS NEWS AND LEGISLATION THAT HAS PARTICULAR RELEVANCE TO WHAT WE DO IN PENSION ADMINISTRATION

## HMRC: Pension schemes newsletter 78

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 78](#) (PSN 78) which provides updates and additional information on a range of topics including:

### Tapered annual allowance

For individuals who are subject to a tapered allowance, clarification is provided that the requirement to automatically provide a pension savings statement for tax year 2016/17 onwards will relate to exceeding the untapered annual allowance (currently £40,000), rather than an individual's tapered annual allowance. Clarification of when mandatory scheme pays will apply is also provided.

### Lifetime allowance – FP 2016 and IP 2016 interim applications

Updates have been made to HMRC's template wording for members to use to apply for Fixed Protection (FP) 2016 and Individual Protection (IP) 2016 via the interim process. Updated templates are provided as appendices to PSN 78.

### Pension flexibility – reporting of non-taxable death benefits through RTI

P6 tax coding notices are incorrectly being issued by HMRC to payroll providers for death benefit payments that are entirely non-taxable. PSN 78 provides interim guidance on the options available to scheme administrators, while HMRC investigates why these notices are being issued.

### Serious ill-health lump sum payments

Clarification is provided of the announcement made in Budget 2016. Once the current Finance Bill completes the Parliamentary process, individuals who have accessed part of their pension arrangement will be able to take a serious ill-health lump sum from any remaining uncrystallised funds in that arrangement.

## HMRC: Countdown bulletin 17

HMRC's National Insurance Services to Pensions Industry published its May 2016 edition [Countdown bulletin 17](#) which includes information on:

- The 'Guaranteed Minimum Pension (GMP) Checker' and the message generated when a calculation is not possible because the relevant S148 orders are not yet available
- GMP increments and their impact on the pre 6 April 2016 State Pension system along with clarification that Form CA1597 continues to be required from 6 April 2016, in certain conditions where the member had reached state pension age
- Scheme Reconciliation Service (SRS) and the next steps now the deadline for registration of an expression of interest has passed, along with tips on submitting SRS queries to help HMRC staff better deal with these

## Queen's Speech brings news of a new Pensions Bill

The Queen's Speech was delivered on 18 May setting out the Government's legislative agenda for the 2016/17 Parliamentary year, including the news that there will be a new Pensions Bill.

As widely anticipated the Bill looks set to address perceived shortcomings in the regulation of master trusts, by legislating that such arrangements would have to demonstrate they meet strict new criteria before entering the market and by creating greater powers for the Pensions Regulator to authorise and supervise these schemes and take action when necessary.

In addition to this the other main elements of the Bill, which have also been trailed previously, look set to be:

- The capping of certain early exit fees charged by trust-based occupational pension schemes, as a major step towards creating a system enabling consumers to flexibly access their pension savings without unreasonable barriers.
  - The Department for Work and Pensions (DWP) subsequently launched a [consultation](#) on capping early exit charges in trust-based DC schemes with the provisions expected to broadly mirror those for contract-based schemes and the cap likely to be implemented in 2017
- The restructuring of the delivery of financial guidance to UK consumers, as touched on in our reporting of Budget 2016 in [PATHways 62](#), by creating:
  - a new pensions guidance body to provide access to a straightforward pensions guidance service, by bringing together the Pensions Advisory Service, Pension Wise and the pensions services offered by the Money Advice Service; and
  - a new money guidance body replacing the Money Advice Service, with a remit to identify gaps in the financial guidance market to make sure consumers can access high quality debt and money guidance

## The Pensions Regulator (TPR) new DC code a step nearer

The Pension Regulator's new shorter [draft code of practice no. 13](#) covering the governance and administration of all trust-based occupational schemes providing defined contribution (DC) benefits was presented to Parliament on 9 May 2016. This will lie before Parliament for 40 days before it comes into force (during which time Parliament may resolve that the code is not made). The code and its accompanying 'How to' guides as reported on in [PATHways 63](#) are expected to come into force in July 2016.

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