

LEGISLATION

PENSION NEWS

# PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

## TPR issues fine for chair's statement failures

Having fined a trustee the minimum mandatory fine of £500 as detailed in a regulatory intervention report [published](#) in June, the Pensions Regulator (TPR) [issued](#) a further regulatory intervention report in August ordering a professional trustee firm to pay three counts of the maximum fine it can impose (£2,000) in relation to a failure to prepare an annual chair of trustees' statement for three separate schemes.

As noted by TPR in both reports, there is a mandatory penalty for failing to prepare a chair's statement, and it is legally obliged to impose on trustees a fine of between £500 and £2,000.

The message from TPR is clear – comply with the new statutory requirement or face a mandatory fine.

## Transfers and the 'appropriate independent advice' check

Under section 48 of the Pension Schemes Act 2015, where members wish to transfer safeguarded benefits valued over £30,000 to arrangements providing flexible benefits, ceding scheme trustees are required to check that 'appropriate independent advice' has been received by the member. Where the check did not confirm that the member had received 'appropriate independent advice', they are not obliged to carry out the member's instruction to proceed with the transfer. Indeed, should they do so without a successful regulated advice check the trustees expose themselves to civil penalties of up to £50,000.

Some advisers have been caveating their regulated advice declarations (for example, confirming that they have not advised on the receiving scheme), casting doubt on whether the requirements of the Financial Conduct Authority (FCA) Conduct of Business Sourcebook (COBS) have been met.

An [FCA alert](#) published on 2 August 2016 sets out some areas of concern it has identified, warning regulated advisers of their role and responsibilities; in particular, providing only a simplified or limited advice service when the transfer/conversion of safeguarded benefits is involved appears to be cited as unacceptable.

Even though trustees are not allowed to become involved in consideration of the merits of the advice itself, it is clear that trustees now tasked with checking the acceptable delivery of 'appropriate independent advice' need to be aware of FCA requirements.



## HMRC: Countdown bulletin 19

HMRC's National Insurance Services to Pensions Industry published [Countdown bulletin 19](#) which includes information on:

- late requests to register for the Scheme Reconciliation Service (SRS), confirming that HMRC will no longer entertain any such requests
- the circumstances in which HMRC 'business as usual' teams will no longer respond to the industry in terms of items no longer needed post 5 April 2016 or incorrectly channelled requests
- the dates of the next pension forums in September with a note of the topics to be covered

## ABI publishes 'pension freedom' data

The Association of British Insurers (ABI) has released some [statistics](#) for the first complete year of pension freedoms to April 2016, broken down by withdrawal route (and, for Q1 2016, withdrawal rate for those making partial withdrawals).

The figures for Q1 2016 show that:

- where savers cashed in their whole pension pot, 96% of pots were valued at less than £10,000; and
- where savers made partial withdrawals, 57% withdrew less than 1% from their pension pots, while at the other end of the scale 4% of pension pots had 10% or more withdrawn

## PPF Technical News

The Pension Protection Fund (PPF) published the latest issue of its [Technical News Bulletin](#) which contains some interesting comment on members applying for ill-health early retirement that has wider relevance to schemes that may transfer into the PPF at some time in the future.

## Pension savings statements

Where required automatically to do so, pension providers should be sending annual allowance pension savings statements for the 2015/16 tax year to members by 6 October 2016. HMRC has updated its [guidance](#) in relation to the 2015/16 transitional tax year for individuals and self-assessment [help sheet](#) on pension savings tax charges but seemingly not its online annual allowance [checking tool](#) that both those sources provide a link to.

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