



PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

Budget 2016

Although there had been much speculation before the [Budget announcement](#) on 16 March 2016 about what the Government's response might be to the [consultation on pensions tax relief](#) (reported in [PATHways 54](#)), in the end the Budget did not actually contain any comprehensive reforms to the pensions tax relief system.

The Government has published its [summary of responses to the consultation](#), although this does not give any indication of what any outcome might be. The [Budget document](#) did however say that while the current system gives everyone an incentive to save for retirement, it is also inflexible and poorly understood. So, the Government is planning to introduce the [Lifetime ISA](#) from April 2017.

Other pensions-related items in the Budget include the following.

- Some [minor changes](#) are to be made to the pensions tax rules to ensure that they operate as intended following the introduction of pension flexibility in April 2015.
- Financial advice and guidance – The Government has committed to implement all of the recommendations, for which it is responsible, of the Financial Advice Market Review (FAMR) which aims to support the provision of affordable and accessible advice. It will also restructure the delivery of public financial guidance to make it more effective, following a consultation exploring how the financial advice market could work better for consumers.
- Salary sacrifice – While salary sacrifice is under review, the Government has confirmed its intention is that pension saving should continue to benefit from income tax and National Insurance contribution relief when provided through salary sacrifice arrangements.
- Pensions dashboard – The Government will ensure that 'the industry designs, funds and launches a pensions dashboard by 2019' with their current aim being that an individual can view all their retirement savings in one place.

Finance Bill 2016

In addition to the items that were covered in [Pathways 58](#), the Finance Bill ([Finance \(No.2\) Bill 2015-16](#)) published on 24 March 2016 also includes the further changes to the pensions tax rules announced in the Budget (and mentioned above). Those particular measures will take effect on the day after the date the Bill is given Royal Assent.

HMRC: Pension schemes newsletter 77

Continuing its run of monthly newsletters, HM Revenue & Customs has published [Pension Schemes Newsletter 77](#) (PSN 77).



In addition to covering the Budget, PSN 77 provides additional information on:

- Fixed Protection 2016 and Individual Protection 2016;
- taxable lump sum death benefits and the new tax repayment claim forms; and
- the tapered annual allowance and changes to the information regulations.

In response to comments received on the draft regulations reported in [PATHways 61](#), the [Registered Pension Schemes \(Provision of Information\) \(Amendment\) Regulations 2016](#) will no longer require a pension savings statement to be issued automatically for members with pensionable earnings in excess of £110,000 and the circumstances in which statements must be issued in relation to the 2015/16 tax year have also been changed.

Final report of the Financial Advice Market Review

Among the recommendations in the [FAMR final report](#), the Government should explore ways to improve the tax and National Insurance exemption for employer-arranged advice on pensions, and options to allow consumers to use a small part of their pension savings to pay for the cost of pre-retirement advice.

As announced in the Budget, the existing exemption of £150 for employer-arranged advice will be increased to £500 from April 2017 and the Government will consult on introducing a pensions advice allowance which will allow up to £500 to be withdrawn tax-free from defined contribution pension savings before age 55.

Proposed changes to provision of public financial guidance

Following its [consultation](#) on the provision of public financial guidance, the Government has now set out its [proposals](#) for a new delivery model which will include:

- a new pensions guidance body, incorporating the Pensions Advisory Service and Pension Wise, to make sure that consumers can get all their pensions questions answered in one place; and
- a new money guidance body, a slimmed down version of the Money Advice Service, to ensure that consumers can access the targeted debt advice, money guidance and financial capability support they need.

These changes are not likely to take effect until April 2018 at the earliest.

The latest consultation closes on 8 June 2016 and a detailed timetable will be included within the final response to be published in autumn 2016.

Whilst all reasonable care has been taken in the preparation of this publication no liability is accepted under any circumstances by Barnett Waddingham LLP for any loss or damage occurring as a result of reliance on any statement, opinion, or any error or omission contained herein. Any statement or opinion reflects our understanding of current or proposed legislation and regulation which may change without notice. The content of this document should not be regarded as specific advice in relation to the matters addressed.
