



PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

Trustee prohibition

The Pensions Regulator (TPR) has [banned two individuals](#) from acting as trustees of pension schemes on the grounds that neither is a fit or proper person to hold the position. TPR cites a lack of integrity, competence and capability after members' funds under their control fell by over 90% from £16 million to less than £1 million. The majority of the funds were held in unregulated overseas investments. TPR said that the scheme appeared to bear the hallmarks of a vehicle being used as a [pension scam](#) and the trustees were aware of this.

TPR fines employers for ignoring pension rules

TPR published its latest [compliance and enforcement quarterly bulletin](#) and employers have been [named](#), shamed and fined for persistently [failing to comply with their automatic enrolment duties](#), despite being issued with escalating penalty notices (EPN).

[One employer](#) has turned a £400 fixed penalty notice into a bill for more than £40,000 after claiming it was too busy to meet its pension responsibilities. The case has prompted a fresh warning to employers by TPR not to ignore their automatic enrolment duties. TPR can impose escalating fines on companies that do not meet their responsibilities and continue to flout the law, taking the matter to court to secure payment if necessary.

GMP equalisation issue taken to the High Court

[Lloyds Banking Group Pensions Trustees Limited](#) has started proceedings in the High Court over the complex issue of Guaranteed Minimum Pension (GMP) equalisation. They are seeking a resolution over whether benefits under three separate schemes are providing equal benefits for male and female members.

The issues stem from differences in the way GMPs are calculated on a statutory basis for men and women. Primarily GMPs differ as the calculation is still based on a GMP age of 60 for women, whereas it is 65 for men. Since 17 May 1990 it has been a legal requirement for pension benefits for male and female members to be calculated on an equal basis. However, there is uncertainty as to how GMPs should be taken into account in equalisation calculations. Clarification on the correct treatment is therefore being sought and questions posed to the High Court include:

- Is the trustee required to equalise its schemes for the effect of GMPs; and
- If so, how should such equalisation be achieved?

The outcome of these proceedings could have far reaching consequences for all formerly contracted-out defined benefit schemes and may finally provide a resolution to end decades of uncertainty as the equalisation issue in relation to GMPs continues to rumble on. The case is not expected to be heard until 2018.



General election 2017

The main policies which could affect pensions as set out in the main parties' manifestos are summarised below.

Conservatives

- Protect private pensions from business owners who "abuse pension funds and put them at risk" - to include increased powers for TPR to scrutinise, impose conditions on or stop transactions; issue fines to those found to have wilfully left a pension scheme under-resourced; and disqualify company directors. Consider introducing a new criminal offence for company directors who deliberately or recklessly put at risk the ability of a pension scheme to meet its obligations
- Promote long-term savings and pensions products, including the Lifetime ISA
- Create new infrastructure funds and encourage pension funds to join them
- Maintain triple lock on state pension increases until 2020, after which they will introduce a new double lock in line with the higher of earnings or inflation
- Ensure that the state pension age reflects increases in life expectancy
- Expand automatic enrolment to small employers and the self-employed

Labour

- Amend the takeover code to ensure every takeover proposal has a clear plan in place to protect workers and pensioners
- End hidden fees and charges and enable the development of large, efficient pension funds
- Keep the triple lock throughout the next parliament and legislate so that accrued state pension cannot be changed
- No increase in the state pension age beyond 66 and review possibility of flexible retirement policy
- Increasing the frozen state pensions of UK citizens living overseas
- Extend pension credit to vulnerable women and explore further compensation for women born in the 1950s who had their state pension age changed

Liberal Democrats

- Consider introducing a single rate of tax relief for pensions designed to be "simpler, fairer and more generous than the current system", set more generously than 20% basic rate relief
- Abolish remaining marriage inequalities in areas such as pensions
- Keep the triple lock throughout the next parliament

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