



# PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

## Pensions Ombudsman publishes further determinations in relation to pension liberation

The Pensions Ombudsman has [published](#) a further three determinations (and an accompanying statement) in January in relation to pension liberation.

These three cases share similarities in that the complainants had wanted to transfer away from personal pensions to various schemes (each of which purported to be an occupational pension scheme registered with HMRC) and, in each case, the provider had declined to make the transfer.

The Ombudsman found for the providers, in that there was no statutory right to transfer in any of these cases.

These determinations do not though serve as authority for personal pension schemes to withhold transfers on the suspicion of liberation activity and the Ombudsman is clear that a transfer can only be withheld completely if there is no legal right to it.

While occupational pension schemes operate under slightly different regulatory conditions where additional factors may come into play, these liberation cases illustrate some of the challenges in dealing with pension liberation with the Ombudsman remarking that schemes and pension providers “find themselves in a highly unenviable position”.

## How pensions are changing

The Government has conducted some [research](#) into how we view retirement as well as the challenges encountered by older workers. 2000 people aged over 50, both retired and non retired were surveyed.

- Of those still working, 39% said that they would like to reduce their hours or have more flexible working patterns before stopping work completely. This was backed up by 36% of those that have retired, advising others to think about flexibility.
- 48% of those under 65 and still working would like to be in work still between the ages of 65 and 70.
- 33% of those working aged over 70 said they did so because they enjoyed it.

For older workers surveyed, 51% feel that their employer does not look on them as favourably as younger colleagues, and 23% thought that younger colleagues also made this distinction. Over 47% of older workers stated that they would be willing to update or learn new skills to ensure that they could stay in the workplace for longer.

As the workforce gets older employers need to be aware of the different support that they need to provide to their older employees. Last year [Fuller Working Lives: a framework for action](#) was produced to provide guidance and at the same time Dr Ros Altmann was appointed UK's Business Champion for Older Workers. From this April, Jobcentres will have an older workers champion to tackle age discrimination. There is a higher proportion of over 50s in long term unemployment than younger ages.

At the opposite end of the age scale, teenagers are being encouraged to engage with pensions from an early age, and the Government is to produce some [guidance](#) material for teachers to explain the importance of having a good pension.



## Auto enrolment

Research shows that smaller employers are still unaware of their auto enrolment staging dates, so [The Pensions Regulator](#) (TPR) has taken the decision to write to all companies classed as 'small' or 'micro', to ensure that they are aware of their date. The letter will also ask for contact information so that regular reminders can be sent to ensure that the employer will be ready. This exercise should be completed by the summer. TPR will continue to write to employers a year before the staging date.

Some statistics have been [published](#) showing that 166 penalty notices were issued in the last three months of 2014 for employers that were failing to meet their 'workplace pension duties'.

## Pot follows member

Based on recent Government [announcements](#) the current expectation is that this initiative will be introduced in autumn 2016 on a phased approach. Initially it is expected to be on a member 'opt in' rather than 'opt out' basis and will cover those schemes that meet the pot follows member qualifying requirements, held with 20 of the UK's largest pension providers.

The Government is expected to provide detailed information on how pot follows member will work in practice in early 2015.

The pot follows member initiative does not have cross party support and political influence following the general election may have an impact on this initiative.

## Trivial commutation exercises

There has been some uncertainty within the industry regarding one-off trivial / small pension commutation exercises as regards the [Code of Practice for Incentive Exercises](#). Recently it has been confirmed that these exercises also fall under the code of practice.

## Pensions guidance guarantee brand unveiled

Pension Wise is a new free and impartial service from the Government to help people understand what their pension choices are and how they work. Schemes with money purchase benefits will be required to signpost members to this guidance service when approaching retirement once the Government's pension reforms take effect in April 2015.

A new dedicated [website](#) has been launched by the Treasury where the logo can be seen alongside some updated guidance. There is also the facility for members of the public to register an interest to get early access to the service. The site will develop further over the coming months.

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