

LEGISLATION

PENSION NEWS

PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

HMRC: end of contracting-out for defined benefit schemes

HMRC has issued the latest edition of its '[Countdown to ending of contracting-out](#)' bulletins. HMRC's Scheme Reconciliation Service is now live and the bulletin sets out how HMRC is working with the industry ahead of the abolition of contracting-out in April 2016. The bulletin includes:

- reminders that there are only 18 months left to request Scheme Reconciliation and 6 months to submit RTI submissions with a temporary SCON;
- confirmation of the take up of the Scheme Reconciliation Service;
- a reminder for trustees to ensure that their administration providers are not just requesting reconciliation data but are looking at the data once it is received;
- responses to issues raised with the service so far; and
- confirmation that the 2014 Apparent Un-notified Terminations (AUTs) exercise is underway and what administrators can expect to receive.

There is new guidance available for different parties that will be affected by the cessation of contracting-out:

- Employers, an [overview](#) covers what changes are happening, what it means and what employers can do now to help prepare for the changes. The [factsheet](#) provides greater detail.
- Employees, an [overview](#) focusses on the changes to the additional State Pension and how it is likely to affect members of defined benefit occupational pension schemes. The [factsheet](#) provides greater detail but also explains how an employee can find out if they are contracted-out.
- Trustees, the [overview](#) explains the changes and includes a reminder of the deadline to reconcile Guaranteed Minimum Pension figures. The [factsheet](#) covers the information in greater detail.

500 days to go until biggest State Pension overhaul in generations

On 18 November 2014, the Government launched a public information campaign to help people understand historic reforms that will introduce a flat-rate State Pension to give people a greater sense of economic security and peace of mind in retirement. The reforms will tackle inequalities of the past, with women, carers, lower earners and the self-employed to benefit the most.

There are publications providing guidance for:

- [members who will reach State Pension age before 6 April 2016](#);
- [members who will reach State Pension age before 6 April 2016 but wish to defer taking their State Pension](#);
- [members who will reach State Pension age on or after 6 April 2016](#); and
- [employers and trustees with open defined benefit contracted-out schemes](#).

Short service refunds to be abolished

The Government has [announced](#) the intention to end the practice of workers who leave an employer after less than two years' service being able to withdraw their pension contributions from defined contribution schemes. The Government also plans to make workplace pension saving easier by introducing automatic transfer arrangements for people who change employer during the course of their career.

Under current arrangements, a member of an occupational pension scheme who leaves having completed more than three months but less than two years' qualifying service may be entitled to receive a short service refund.

Defined contribution occupational pension schemes make approximately 20,000 short service refunds each year. Automatic enrolment was expected to increase this figure but this new Government action will stop these refunds ensuring money saved into a pension scheme stays there.

The Government intends that, from October 2015, schemes will only be able to make refunds within the first 30 days of membership. Defined benefit occupational pension schemes and personal pension schemes are not affected by these changes.

DWP consultation on disclosure regulations

DWP are currently seeking views on [draft legislation](#) which contains technical amendments to The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

The proposed amendments are expected to come into force in April 2015 and will ensure that the regulations work as intended in relation to the new public service pension schemes which are being introduced from April 2015 under the Public Service Pensions Act 2013.

The consultation ends on 28 November 2014 and DWP is particularly looking for views from those administering and managing the public service pension schemes although comments are also welcome from pension industry professionals, pension schemes, trustees, industry, pension scheme members and member representative organisations. The [consultation paper](#) outlines the areas DWP is looking to discuss.

TPR proposal to publish list of auto-enrolment schemes for any employer

The Pensions Regulator (TPR) has launched a [consultation](#), titled "Helping small and micro employers identify a pension scheme for automatic enrolment", on a proposal to publish a list of pension schemes which it believes are suitable for auto-enrolment.

The list will be published on TPR's website and is intended to contain only qualifying pension schemes available to any employer, irrespective of the number of employees or level of remuneration, and some commentators have suggested that this restriction means the list will be comprised only of NEST.

The consultation follows [research](#) by the Department for Work and Pensions (DWP) which revealed that 48% of small and 79% of micro employers currently have no pension scheme and will have to choose a new one as they prepare for auto-enrolment.

TPR expect to finalise the proposal and publish the list in early 2015. The consultation closes on 1 December 2014.

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