



PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

HMRC: Pension schemes newsletter 72

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 72](#) which covers a range of topics and includes some timely reminders and clarifications on various messages that have appeared in recent editions.

Notably the section on 'Lifetime allowance reduction and transitional protection' confirms that the timetable for delivering the legislation means it will not be possible for individuals to notify HMRC of their intention to rely on fixed protection 2016 in advance of 6 April 2016. Further details are currently expected in October 2015.

In addition, further comment is provided on how HMRC envisages the process working for making overseas transfers.

There is also some information on new Real Time Information (RTI) data items to help with the reporting of pension flexibility payments. Confirmation is also provided that on the introduction from April 2016 of the changes to the pension tax rules for lump sum death benefits (when taxable lump sum death benefits will become subject to tax at the recipient's marginal rate of income tax rather than the 45% special lump sum death benefits charge) the reporting process will change, with reporting required through RTI instead of on the Accounting for Tax (AFT) return.

Short service refund changes

From 1 October 2015, changes to short service refunds for occupational defined contribution (DC) arrangements come into effect. The changes are intended to help boost pension saving and bring the timescales for refunds broadly into line with the timescales for opting out of automatic enrolment.

The changes apply to new joiners from 1 October 2015 who will accrue DC benefits only. This means that, as well as DC schemes, the changes cover members of a DC section in a hybrid scheme. There is no change at present for members with any DB benefits under the scheme including those also with DC AVC or with separate periods of both DB and DC scheme membership.

Different statutory requirements will apply for DC joiners before and from 1 October 2015; however the legislation is not overriding so scheme rule amendments need to be considered.

FCA pension freedoms data collection exercise findings

An [FCA report](#) suggests that take up of the pension freedoms is high. Its findings confirm that over 200,000 people accessed their pensions between April and June 2015, compared with just over 95,000 during the same period in 2013.



Next steps for Pension Wise

As part of the Work and Pensions Committee inquiry into pension freedom guidance and advice, Economic Secretary to the Treasury Harriett Baldwin MP has [announced](#) that responsibility for delivering Pension Wise will move from the Treasury to the Department for Work and Pensions in March 2016.

The Committee is looking at whether people are adequately supported in making good, informed decisions about their retirement savings in light of the changes introduced in April 2015 and is currently accepting written evidence.

Amid some comments on lack of transparency about how Pension Wise is performing, Mrs Baldwin also announced that the government will be making core data, including website visits and number of appointments, publicly available.

The Pensions Advisory Service publishes its Annual Review

The Pensions Advisory Service (TPAS) has [published](#) its annual review for 2014/15. Customer contact volumes were up year-on-year across all channels (helpline by 36% and dispute and resolution by nearly 20%) and the [report](#) notes that the volume of customers accessing its services continues to increase into 2015/16 due in part to the freedom and choice pension reforms having come into effect.

Regulations relating to the cessation of contracting out

Further to our reporting in PATHways issue 54, the government has had to revise its consultation response and revoke the original set of regulations upon the belated discovery of an error in parliamentary procedure.

The replacement response was [published](#) on 16 September 2015 along with the [Occupational Pension Schemes \(Schemes that were Contracted-out\) \(No.2\) Regulations 2015](#). The withdrawn provisions are likely to resurface in a separate set of regulations at a later date.

State pension reform

Pensions Minister Baroness Altmann has [launched a campaign](#) aimed at explaining the state pension reforms being introduced from April 2016 under the tagline "Our state pension is changing".

Those aged 55 or over can apply for a personalised state pension statement to help understand how the changes affect them.

The campaign begins with ["8 things you need to know about pensions"](#).

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