

LEGISLATION

PENSION NEWS

PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

Finance Act 2016 Royal Assent, Autumn Statement date confirmed

[Finance Act 2016](#) received Royal Assent on 15 September 2016 enacting measures trailed in Autumn Statement 2015 and Budget 2016 on which commentary was previously provided in PATHways [58](#) and [62](#) respectively.

Things come full circle as the whole process recommences shortly, with HM Treasury having [announced](#) that the Chancellor of the Exchequer will deliver his Autumn Statement 2016 in the House of Commons on 23 November 2016.

HMRC: Pension schemes newsletter 81

HM Revenue & Customs (HMRC) has published [Pension Schemes Newsletter 81](#), which provides updates and information on a range of topics including:

Tax treatment of serious ill-health lump sums - tweaks to the tax rules announced in Budget 2016 took effect on 16 September 2016, the day after Finance Act 2016 received Royal Assent. The new RTI fields for serious ill health lump sum payments made to individuals over age 75 will not be available until December however.

Lifetime allowance online service - application volumes since the launch of the online service on 28 July 2016 and access issues (around the gov.uk 'Verify' service) are discussed and it is noted that the pension scheme administrator look up service (for administrators to check the protection status of their members) has been further delayed.

Annual allowance calculator - further to our commentary on the annual allowance checking tool in [PATHways 67](#) it seems HMRC was taking note and has since launched [a new annual allowance calculator](#) - that caters for the transitional annual allowance rules for 2015/16 and the tapered annual allowance rules for 2016/17 onwards - to help members check how much annual allowance they have used and whether they need to declare an annual allowance tax charge on their self-assessment tax return. HMRC has also published [guidance](#) for individuals who might be subject to the tapered annual allowance (with a link to the new calculator).

Pensions Dashboard update

The Government announced in the 2016 Budget that a 'pensions dashboard' would be launched by 2019 and the project moves on apace with HM Treasury and a number of pension providers finalising an agreement to collaboratively develop a [prototype pensions dashboard](#).

The pilot phase of the project will be overseen by the Association of British Insurers and a working prototype is expected to be ready by March 2017.

Pensions Advice Allowance

HM Treasury is [consulting](#) on whether to allow pension scheme members limited access to their DC savings to pay for [retirement advice](#). The proposal would see access to up to £500 tax free to redeem against the cost of financial advice - in the form of a 'Pensions Advice Allowance' (PAA) withdrawn from DC savings - permitted to savers nearing retirement, including those under the age of 55.

It appears that changes to the pension tax rules would be needed to enable a new authorised payment type and it is likely that the allowance would have to be paid to the adviser directly by the scheme.

Simplifying the appropriate independent advice requirement

The Department for Work and Pensions (DWP) is [consulting on draft regulations](#) aimed at simplifying the appropriate independent advice requirement on the transfer or conversion of safeguarded benefits. The consultation discusses:

Simplifying the pension valuation process that determines who is required to take financial advice - this is in relation to benefits that are defined contribution in nature, but offer some form of pension income guarantee, such as those with a guaranteed annuity rate (GAR), which the consultation document refers to as "safeguarded-flexible benefits". This follows on from an earlier call for evidence on the advice requirement in relation to GARs (as mentioned in [PATHways 59](#)) and a useful [factsheet](#) published after that call for evidence.

Ensuring adequate consumer protections are in place - protections are necessary as many members are not fully aware of the underlying value of GARs and other guarantees, and it is proposed that this is achieved by introducing risk warnings tailored to the nature of the guarantees which explain the likely impact of surrendering them.

PPF long-service compensation cap

The DWP is also consulting on [draft regulations](#) which will ensure that the long-service cap on Pension Protection Fund (PPF) compensation operates as intended.

The Pensions Act 2014 includes provisions to increase the PPF compensation cap by 3% for every year of pensionable service in the original scheme above 20 years, subject to a new maximum of twice the standard cap. This has not yet been brought into force as corresponding changes were needed to the PPF compensation regulations. It is these changes that the DWP is now consulting on and it is intended that the updated regulations will be in place from April 2017 when section 50 of Pensions Act 2014 will also come into force.

It seems the Court of Appeal's 28 July 2016 referral of the long-running *Hampshire* case to the CJEU for a decision (in relation to compliance with EU Insolvency Directive 2008/94) has reinvigorated the political will to bring s50 into force.

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