



PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

HMRC: Countdown bulletin 20

HMRC's National Insurance Services to Pensions Industry has published [Countdown bulletin 20](#) which includes information on:

- **Scheme reconciliation query guidance** including:
 - Revaluation queries where the contracted-out period is entirely post 1997.
 - Sending follow up queries, queries with supporting documentation, and "Type 5" queries.
 - Query template issues.
- **Customer Relationship Manager (CRM) team** – The majority of business readiness templates issued to all pension scheme administrators had not been updated with sufficient information for HMRC to plan their resources effectively. The CRM team will be contacting administrators via telephone to obtain the outstanding information.
- **Scheme cessation** – HMRC intends to share a list of ceased schemes, who are currently reconciling using Shared Workspace with the relevant administrators. Administrators should review the list and where possible identify schemes which can be targeted immediately with a view to progressing them to closure, for example, by providing the necessary Methods of Preservation (MOPs).
- **Pension forum discussions** including:
 - Reconciliation of active members closure scan – HMRC will automatically close all open periods of contracted-out employment held on its records in December 2016 and will share details of members identified with schemes between January and March 2017 to enable reconciliations to take place.
 - Clarification on GMP checker error messages.

DWP: Advice requirement for overseas transfers

Towards the end of September DWP published a [call for evidence](#) on whether changes are required to the financial advice requirement for members living overseas wishing to transfer 'safeguarded benefits' abroad as, for example, it is not always straightforward for UK advisers to provide members with comprehensive advice on overseas transfers.

Plans for secondary annuity market cancelled

After extensive engagement with the pensions industry, financial regulators and consumer groups, the Government has decided not to go ahead with its plans to introduce the secondary annuity market. It is estimated that only 5% of people who currently hold an annuity would take advantage of the reforms and this would mean that the secondary annuity market would likely be small and uncompetitive, and the Government is not prepared to pursue a policy that could put consumers at risk of receiving poor value for their annuity or suffering higher costs.



Pension Schemes Bill 2016/2017

The Government has published a [Pensions Schemes Bill](#) which introduces a new supervisory regime for defined contribution (DC) master trust schemes.

The Bill's provisions on master trusts include:

- A requirement for master trusts to be authorised by The Pensions Regulator. Master trusts will have to demonstrate that they meet certain criteria on establishment and continue to do so.
- The Pensions Regulator will be given greater supervisory powers to take action where master trusts fail to meet key criteria.
- Current master trusts will be brought into the regime and will be required to meet the new criteria.
- On wind-up or closure of a master trust, trustees will be required to act in certain ways to protect members.

The Bill also strengthens the legislation on exit charges under occupational pension schemes by allowing regulations to be made to override contract terms between the trustees and service providers (i.e. charge capping and the ban on existing member-borne commission charge arrangements).

The Registered Pension Schemes (Bridging Pensions) and Appointed Day Regulations 2016

The [Registered Pension Schemes \(Bridging Pensions\) and Appointed Day Regulations 2016](#) have been laid and will come into force on 8 November 2016. Some defined benefit (DB) schemes pay members who retire before State Pension Age (SPA) a higher pension initially (i.e. a bridging pension), which is then reduced at SPA to take account of the individual's State Pension coming into payment.

The Finance Act 2016 removed the existing legislation for bridging pensions under Finance Act 2004, with the provisions being replaced by the above Regulations, so that the pensions tax rules on bridging pensions could start to be aligned with DWP legislation following the introduction of the new single tier State Pension. The Regulations allow a scheme pension to be reduced by no more than twice the full rate of the new State Pension for members reaching SPA on or after 6 April 2016. The existing provisions are continuing for members reaching SPA before that date.

SMPI assumptions update

The FRC has published a revised version of [AS TM1: Statutory Money Purchase Illustrations](#) which includes changes to mortality assumptions. The updated version (Version 4.2) is effective for statutory illustrations issued on or after 6 April 2017. The FRC has also published a ["Rationale for change"](#) document setting out the reasons for changing AS TM1.

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