

# PATHways

## Pension Administration Technical Help

Highlighting pensions news and legislation that has particular relevance to what we do in pension administration



## HMRC updates

### Pension schemes newsletter

[Pension schemes newsletter 108](#) includes the announcement of the formation of a working group to consider the pension tax issues arising from Guaranteed Minimum Pension (GMP) equalisation following the High Court case involving the Lloyds Banking Group. Updates and further information will be provided in future pension schemes newsletters.

### Countdown bulletins

[Countdown bulletin 43](#) includes the following:

- Information about asking future questions relating to the Scheme Reconciliation Service (SRS)
- Details of SRS improvements, which aim to provide HM Revenue & Customs (HMRC) with process efficiencies
- A reminder that the deadline for SRS queries (31 October 2018) also applied to Contracted-out Contribution Service requests, and that the deadline for refreshed SRS data was 31 January 2019
- Confirmation that HMRC will stop issuing paper GMP statements from April 2019

[Countdown bulletin 44](#) says that, for schemes in deficit following financial reconciliation, letters will now be with scheme administrators in the week commencing 1 April 2019. This is earlier than as advised in Countdown bulletin 42, to give schemes more time to make payment to HMRC. However, the deadline for payment of 21 May 2019 has not changed.

A subsequent update to this bulletin confirms that the dates relating to the issue of letters and cheques to scheme administrators for schemes in surplus have not changed.

## New name for SFGB

The [Single Financial Guidance Body](#) (SFGB) which launched in January 2019 will be [renamed](#) the 'Money and Pensions Service' from 6 April 2019.

The Money and Pensions Service will deliver the services previously provided by the Money Advice Service, the Pensions Advisory Service and Pension Wise.

## Extension of civil partnership legislation

[Legislation](#) has been passed which will allow opposite-sex couples in future to form civil partnerships in England and Wales. Regulations must be in force by 31 December 2019 to amend the Civil Partnership Act 2004, which currently only allows same-sex couples to become civil partners.

Regulations may also make provision for such things as 'the financial consequences of civil partnership (for example, in relation to pensions or social security)'.

## DWP updates

### Collective defined contribution schemes

In [response](#) to its November 2018 consultation, the Government has confirmed that legislation to facilitate collective defined contribution (CDC) schemes will be introduced in the UK. The initial priority will be to deliver a legislative framework for single-employer schemes, to allow the proposed Royal Mail CDC scheme to be set up. However, it is expected that this framework will be expanded in due course to accommodate other types of CDC scheme.

Primary legislation will be introduced 'as soon as Parliamentary time allows' and this will be followed by draft regulations containing detailed CDC scheme provisions.

The Work and Pensions Secretary, Amber Rudd, issued a [press release](#) and [ministerial statement](#) supporting this outcome.

### New legislation

The following legislation was published:

- The [Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2019](#) confirms that the lower and upper earnings limits for the qualifying earnings band for calculating automatic enrolment contributions are £6,136 and £50,000 respectively for the 2019/20 tax year. The earnings trigger remains the same, at £10,000
- The [Social Security Revaluation of Earnings Factors Order 2019](#) sets the rates for revaluing earnings factors when calculating deferred GMPs in schemes that were formerly contracted out on a DB basis. Those rates reflect an increase in average earnings in the UK of 2.8% in the year to September 2018
- The [Guaranteed Minimum Pensions Increase Order 2019](#) provides that the rate by which post-6 April 1988 GMPs must be increased from 6 April 2019 is 2.4%
- The [Social Security Benefits Up-rating Order 2019](#) confirms that, amongst other things, the full rate of the 'new' state pension will be £168.60 a week from 8 April 2019

## TPR annual funding statement

In its latest [annual funding statement](#) the Pensions Regulator (TPR) provides guidance for trustees of defined benefit (DB) schemes, and their sponsoring employers, on how to approach a scheme valuation. The statement includes TPR's view on some of the topical issues (such as Brexit uncertainty) along with sections on its expectations of trustees and what they can expect from TPR. In particular, TPR expects schemes to follow the principles in its [DB code of practice](#) and associated guidance. A [summary](#) of the key messages from the funding statement is also available.

As explained in the [White Paper](#) 'Protecting defined benefit pension schemes' published in March 2018, it is TPR's intention to review and update the DB funding code as part of a package of measures to optimise scheme funding. TPR has now confirmed that it will be consulting in summer 2019 'on various options for a revised funding framework under the new code' and, 'shortly after', consulting on the revised code itself.

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