



PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

Autumn Statement 2016

As promised in September, the Chancellor of the Exchequer delivered his Autumn Statement on 23 November 2016. The [Autumn Statement](#) includes a number of pensions-related items, including:

- proposals to reduce the Money Purchase Annual Allowance (MPAA) from £10,000 to £4,000 from April 2017. A [consultation](#) is currently underway and the revised level of the MPAA will be confirmed in the 2017 Budget;
- plans to consult on options to tackle pension scams, including banning cold calling on pensions and providing greater powers to block suspicious transfers;
- removing the tax and NI advantages of many salary sacrifice schemes from April 2017, although no changes will be made to arrangements relating to pensions (including advice); and
- aligning the tax treatment of overseas pensions more closely with that for UK pensions.

It has also been [announced](#) that this was the last Autumn Statement. From 2017 the Budget will be in Autumn each year (with both a Spring and Autumn Budget expected next year), and a new legislative timetable introduced to allow Finance Bills to obtain Royal Assent before the start of the following tax year.

HMRC: Pension schemes newsletter 82

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter \(PSN\) 82](#), which provides updates and information on a range of topics including:

Bridging pensions and **Sale of lifetime annuities** – These were covered in the [October edition](#) of PATHways.

Overseas pension schemes – A new [overseas pension scheme web page](#) is available on the GOV.UK website containing information and links to help managers and members of overseas schemes.

Lifetime allowance – HMRC has clarified when lifetime allowance (LTA) protection starts. For Individual Protection 2016 and Fixed Protection 2016 protection is effective from 6 April 2016, and for Individual Protection 2014 the effective date is 6 April 2014. Where any of these types of protection was initially dormant, it becomes active following the loss of an earlier form of LTA protection. Further information on LTA protection is given in [Pension schemes: protect your lifetime allowance](#).

Annual allowance – Further to feedback received by HMRC, its new [annual allowance calculator](#) (see [PSN 81](#)) has now been developed further to include the 2012/13 tax year, which may be required for carry forward purposes.

Proposed changes to HMRC Provision of Information Regulations

[Draft legislation](#) has been published on information registered pension schemes will have to provide in relation to taxable lump sum death benefits paid on or after 6 April 2016 to a trust. The draft legislation also makes some minor changes to the information that must be included in a pension savings statement.

The Occupational Pensions (Revaluation) Order 2016

The Occupational Pensions (Revaluation) Order 2016 has been published, coming into force on 1 January 2017. The Order prescribes the required percentage increase of deferred benefits in excess of GMP, and the higher and lower revaluation percentages for each revaluation period are shown [here](#).

Proposed reduction of the General Levy

[Proposals](#) have been made to reduce the rate of the General Levy for schemes with 500,000 members or more from April 2017. From the options provided, this is the method favoured by the Government for altering the rate of the levy, to take account of the estimated surplus of approximately £13 million at the end of 2016/17.

Capping early exit charges

It has been [announced](#) what the early exit charge cap is to be under defined contribution occupational pension schemes for members aged 55 or over who wish to access their benefits early. The charge cap will be 1% for existing members and 0% for new members. This will mirror the [position](#) for personal and stakeholder pension schemes, which will apply from March 2017.

As explained in the recent [response](#) to the consultation, it is intended that the cap will apply from October 2017, and draft regulations will be published early next year for consultation on the detail.

GMP equalisation

The Department for Work and Pensions has published a [consultation](#) on a proposed method for equalising Guaranteed Minimum Pensions (GMPs), as well as proposed changes to the GMP conversion legislation. The Government stresses that it is not forcing schemes to use this method and that the proposed method should not be taken as legal advice to schemes on how to equalise.

Other proposals include changing the fixed rate of GMP revaluation from 4.75% to 4.0% (or perhaps less) for leavers from 6 April 2017 and allowing more time for the notification and payment of contributions equivalent premiums (CEPs) where these were identified as a result of the scheme reconciliation service.

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