

LEGISLATION

PENSION NEWS

PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

HMRC Newsletter 62

HMRC has published its latest [Pension Schemes Newsletter 62](#). This contains some statistics on the number of applications received for Fixed Protection 2014, arrears on annuities, updates on Pensions Scheme Registration, updates to RPSM and Pension Scheme Transfers.

Pension Act 2014

The Pensions Bill received Royal Assent on 14 May 2014 [Pensions Act 2014](#). The main changes in the Act include:

- Implementing the Single Tier Pension to replace the current Basic State Pension. Additional information on these changes can be found at here: [State Pension Reforms](#)
- Bringing forward the State Pension Age to 67 and making provision for this to be regularly reviewed. Further details regarding the phasing in of State Pension Ages are shown in the [State Pension age timetable](#) which also includes a link to the [State Pension Age Calculator](#).
- Introduces the framework for the automatic transfer of small pots.
- Tidies up some technical issues around Automatic Enrolment so that there is clarity before the next major staging date.
- Lays the foundations for restricting charges, enabling the Government powers to set out minimum standards. Steve Webb, Pensions Minister, spoke on this subject at the Pensions and Benefits UK Conference and highlighted that he is unwilling to move on the deadline set to implement this in April 2015.

Error Measurement

The Pensions Administration Standards Association (PASA) is looking at the way in which errors are recorded in pensions administration, so that it can introduce a standard across the industry.

PASA Director Fergus Clarke admits that errors do happen due to the complexities within pensions. He said "We believe that any administrator should always, of course, aim for 100% accuracy. However, while mistakes will happen what is really important is how they are recorded and reported, including the steps taken to correct them at the root cause to prevent recurrence. At present, administration teams measure and deal with errors in many different ways making it hard to ascertain how much of a problem they are and how error rates compare between schemes and administrators."

"More transparency is needed in the industry and the ability to compare directly will, we believe, prompt trustee boards and administrators to really focus on eliminating errors for the long term. With this in mind we are seeking views on what a common approach to measuring and reporting errors might look like through an industry-wide consultation."

PASA's draft guidance for [consultation](#) is due to end on 30 June 2014.

Trustee Due Diligence

The recent [IBM case](#) highlights the problem that Trustees can face when closing Schemes to future accrual. They must ensure that they complete more extensive 'due diligence' and that any communications issued to members are clear about the Trustees intentions. If these are not carried out the Trustees can be held in breach of their duty of good faith.



Pension Liberation Survey

The Pensions Regulator's eighth annual scheme governance survey was published on 15 May, and included new information on action taken by schemes to tackle pension liberation fraud. This shows that the majority of schemes regardless of size are now aware of the fraud and that about 2/3rds of all schemes are actively raising the issue at trustee meetings.

14% of schemes have reason to believe that they have received a fraudulent request in the past. Of these 2/3rds have delayed or withheld transfer requests. You can read the full survey here [TPR Scheme Governance Survey](#).

Margaret Snowden, who leads the Pensions Liberation Industry Group, has announced that it will release its code of practice of due diligence for pension transfers in the week commencing 7 July. At the same time she also stated that she would prefer Pensions Liberation to be renamed as pension fraud and pension scams.

Comfortable Retirement

National Employment Savings Trust (NEST) has been researching how much retirement income needs to be achieved to be "comfortable". It appears that an income between £15 to £20k will provide a good standard of living, and once the amount exceeds £40k there is a much greater feeling of satisfaction. [NEST](#) has stated that an auto enrolled worker is expected to receive an income that should provide a "comfortable" income.

Most savers overestimate the amount of pension pot that they will have, and also underestimate how long they may live for. It looks like pension pots have grown in size over the years, but there is still a significant percentage of the population (24%) that does not have any pension savings at all. With the introduction of auto enrolment this number should be significantly reduced.

Worldwide Retirement Policy Report

Since the budget changes regarding the flexibility of using DC pots, the [Pensions Policy Institute](#) has issued a report comparing retirement policies around the world and the different attitudes to annuities. Interestingly, the Swiss who are thought to have a high degree of financial prudence, have an 80% annuity take up rate even though there is no compulsion to buy an annuity.

PPF Head Office is moving

The Pensions Protection Fund (PPF) moved offices on 27 May 2014 to: Renaissance, 12 Dingwall Road, Croydon. CR0 2NA

All telephone numbers and email addresses remain unchanged. The contact details for PPF and FAS member services also remain unchanged.

Whilst all reasonable care has been taken in the preparation of this publication no liability is accepted under any circumstances by Barnett Waddingham LLP for any loss or damage occurring as a result of reliance on any statement, opinion, or any error or omission contained herein. Any statement or opinion reflects our understanding of current or proposed legislation and regulation which may change without notice. The content of this document should not be regarded as specific advice in relation to the matters addressed.
