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# PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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


## Barnett Waddingham awarded the 'gold standard' for high quality pension administration

Barnett Waddingham has achieved PASA accreditation for our pension administration practice area, effective for the next two years from 5 January 2017. PASA Accreditation looks at output-driven standards – focussing on the experiences of members and trustees and how they will progressively and continually improve over time. We are extremely proud to be one of only two third party administrators to have been awarded this important accreditation as we continue to fly the flag for excellence in administration.

## TPAS launches online pension scam guidance tool

The Pensions Advisory Service (TPAS) has launched an online tool to help members identify a pension scam. It offers a self-service option giving information and guidance and may be particularly useful to those who are initially too worried or embarrassed to raise their concerns. TPAS wants to help disrupt the scammers throughout the process, especially at the point of a questionable transfer, as prompt identification and action is critical for protecting members' pensions.

## The Registered Pension Schemes (Provision of Information) (Amendment) Regulations 2017

The Registered Pension Schemes (Provision of Information) Regulations 2006 are amended with effect from 6 February 2017 so that certain information must be provided by the scheme administrator after making a lump sum death benefit payment to a trust in cases where the lump sum is subject to tax (at the flat rate of 45%). The information includes:

- the amount of the lump sum death benefit on which tax has been charged; and
- the amount of that tax charge.

Where payment is subsequently made by the trust to an individual beneficiary, the same information must be provided by the trust to the beneficiary in relation to the amount of the lump paid to them, so that the beneficiary can claim a refund of any tax in excess of the marginal rate of income tax that they are liable for.

This applies in respect of lump sums paid on or after 6 April 2016.

Some minor technical changes have also been made to the information requirements for pension savings statements relating to the annual allowance taper.

## HMRC: Countdown bulletin 22

HMRC's National Insurance Services to Pensions Industry has published Countdown bulletin 22 which includes:

- questions and answers about the GMP checker, such as:
  - how to obtain a GMP calculation and the process the checker will go through;
  - what you should do if there is a 'transfer in' recorded with a different revaluation rate;
  - what you should do if the GMP amount has been received but the checker shows zero earnings; and
  - how to raise GMP checker queries
- details about the automation of Scheme Reconciliation Service (SRS) queries.

From December 2016, in addition to reconciling non-active members, HMRC have been identifying and closing all active member entries held on its records using the Scheme Contracted out Number (SCON) recorded by employers on their Full Payment Submissions (FPS). HMRC will be providing a closure scan output in a similar format as the SRS output to resolve queries with scheme administrators.

To allow HMRC time to share the closure scan data with administrators, any request for a re-run of SRS data will not be accepted until June 2017.

## What the FCA expects from pension transfer advisers

The Financial Conduct Authority (FCA) has provided further clarity on its expectations on advisers who advise on pension transfers. This includes FCA's concerns about firms advising on pension transfers without considering the actual assets in which the member's funds will be invested.

For transfers from defined benefit (DB) (or other safeguarded benefit schemes) to defined contribution (DC) schemes, the FCA expects advisers to compare the benefits likely to be paid by the DB scheme with those that might be available from the DC scheme, based on the likely expected returns of the actual assets in which the member's funds would be invested, rather than doing the comparison using generic assumptions for hypothetical receiving schemes. The advice must also consider all costs and charges borne by the member as well as their personal circumstances, including attitude to risk.

Where a member is considering a transfer to an overseas scheme, the FCA acknowledges that the member is likely to need to take advice from both a UK and overseas adviser. However, it still expects the member's UK adviser to take into account all appropriate characteristics of the overseas scheme (including those mentioned above), which may mean the UK adviser needs to liaise with the overseas adviser before providing advice.




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