

# PATHways



## Pension Administration Technical Help

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



## DWP publishes auto enrolment review

The Department for Work and Pensions (DWP) has published [a review](#) of the progress of auto enrolment to date. The review makes proposals for the next steps, currently intended to be fully legislated for by the mid-2020s, notably:

- bringing people aged 18-21 into auto enrolment, potentially giving a further 900,000 young people the right to a workplace pension;
- removing the lower earnings limit (currently £5,876) from the calculation of contributions – this will result in an extra £2.6 billion of contributions and is intended to incentivise opt-ins for those with multiple jobs;
- the earnings trigger, remaining unchanged at £10,000 for 2018/19, to continue to be reviewed annually;
- a review of contribution levels after the 8% contribution rate is implemented in 2019; and
- exploring potential solutions to auto enrolment for the self-employed.

## Draft Regulations published for contracted-out bulk transfers

The DWP has published [a consultation](#) on draft Regulations which are intended to allow bulk transfers of contracted-out benefits to take place in certain circumstances, without member consent, to schemes which have never been contracted-out (for example new schemes established, as a result of corporate activity, since the cessation of DB contracting-out in April 2016). The rights of members must be protected and the new scheme must also ensure that these rights (such as indexation and revaluation) are maintained.

## TPR 21<sup>st</sup> century trusteeship

The Pensions Regulator (TPR) has published [further guidance](#) as part of its 21<sup>st</sup> Century Trusteeship programme. This covers the theme of 'Clear purpose and strategy', with advice on using a business plan to manage a scheme.

TPR encourages schemes to plan ahead effectively by developing a business plan. This should include the scheme's strategic goals as well as short and medium-term objectives, which are regularly reviewed for progress by the trustees and discussed with the sponsoring employer. Failure to set long-term goals and interim objectives may well be seen by TPR as a potential indication that a scheme is not being governed effectively.

## HMRC Scottish Income Tax newsletter

HM Revenue & Customs (HMRC) has published a further [newsletter](#) for pension schemes with Scottish taxpayers who operate on a relief at source basis.

The newsletter confirms that scheme administrators will be sent a report each January, showing the residency tax status of all members (based on the annual return provided for the previous tax year). More information in relation to the residency status look up service that will be available is also provided.

In light of the proposed new income tax rates and thresholds announced in the draft Scottish Budget on 14 December 2017, HMRC will provide clarification of how relief at source will operate for pension schemes, after work between the Scottish and UK Governments and pension providers has been carried out.

## HMRC: Pension schemes newsletter 93 & 94

HMRC has published Pension schemes newsletters [93](#) and [94](#). These include details of:

- the Autumn Budget and its implications for the lifetime allowance and tax registration of Master Trusts;
- a [consultation](#) on amendments to the Relief at Source Regulations. Amongst other changes, these amendments would require scheme administrators to submit their annual return of individual information within three months of the end of the tax year of assessment. This in turn will assist HMRC in advising those administrators of the tax residency of members (see HMRC Scottish Income Tax newsletter above);
- scheme administrator ID issues for the new Pensions Online Digital Service;
- clarification of the position for payments being made to third parties from bankrupt pensioners;
- a reminder of the Self Assessment tax return deadline for members who exceeded the annual allowance in the 2016/17 tax year; and
- an update on issues in reporting multiple small pots payments through Real Time Information (RTI).

## Work and Pensions Committee pension scams report

The Commons Work and Pensions Select Committee has published a [report on its work on pension scams](#). Perhaps unsurprisingly, this report finds that pension freedoms have changed the nature of the threat posed by pension scammers. The changes in legislation have made it easier for members to be targeted, and shifted the focus of activity to legitimate transfers being used to fund inappropriate investments. The report suggests that scamming is likely to be underestimated by official figures.

The report sets out the committee's recommendations for amendments to be made to the Financial Guidance and Claims Bill currently before Parliament. These include requiring the Secretary of State to ban pension cold calling by June 2018 and for members to have to actively 'opt out', if they decide not to obtain free and impartial guidance before accessing their flexible benefits. These measures are intended to help make pension savers less vulnerable to scams.

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