

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: Pension schemes newsletters 88 and 89

HM Revenue & Customs (HMRC) has published two pension schemes newsletters (PSN) since the last issue of PATHways. [PSN 88](#) and [PSN 89](#) provide updates on a range of topics including:

- transferring scheme requests for receiving scheme registration status confirmation and some comments around interpretation of HMRC's [stock responses](#) to registration enquiries
- another reminder to use updated form APSS262 when reporting transfers to QROPS as HMRC will reject older versions that do not contain the information required under the new pension tax rules
- the release of the latest statistics on transfers to QROPS showing a fall in numbers and total value for a second year in a row
- the continuing development of the lifetime allowance look-up service for pension scheme administrators with PSN 89 less upbeat than PSN 88 about how soon the service might launch
- plans to move the current Pension Schemes Online service across to a new digital platform from April 2018 with the intention being to improve pension scheme administrator user experience

Spring Budget 2017 (Reprise)

The Government has published information relating to the draft [Finance Bill \(No. 2\) 2017](#) confirming that a "second 2017 Finance Bill will legislate for policies that have already been announced" and the Bill will be introduced following the parliamentary summer recess. This signals the re-introduction of the reduction to the money purchase annual allowance (MPAA) to £4,000 dropped from the earlier 2017 Finance Bill in order to speed its passage through parliament before the election as covered in [PATHways 75](#). The MPAA reduction is intended to be backdated to the beginning of the 2017/18 tax year as originally proposed. Prior speculation that the reduction to the MPAA might be put back or dropped entirely appears to have been unfounded.

HMRC: Countdown Bulletin 25

HMRC has published [Countdown Bulletin 25](#) which includes:

- reminders about completion and correct formatting of the SRS query template when sending automation queries
- comment on the recently enabled provisions for 'late' payment of CEPs where members are over state pension age or deceased with a request for industry feedback to help explore feasibility of some possible solutions as to how queries in relation to this aspect might best be progressed



Same sex partners entitled to equal survivors' pension rights

The Supreme Court has given judgment in [Walker v Innospec](#) finding the period of service 'cut-off' to survivors' pensions for civil partners or same sex spouses, that is provided for by an exemption in the Equality Act 2010, amounts to unlawful discrimination on grounds of sexual orientation.

Based on the judgment, on the death of a scheme member, occupational pension schemes must provide civil partner and same sex spouse survivors' benefits (excluding contracted-out survivors' benefits) on an equal basis to and using the same service as those provided for surviving different sex spouses. Significantly, the judgment has retrospective effect for those occupational pension schemes that do not already provide survivors' benefits on an equal basis. For such schemes, any death cases involving civil partners or same sex spouses may need to be revisited and investigated with payments adjusted and backdated as necessary.

Implementing the cap on early exit charges

The Department for Work and Pensions (DWP) has published [guidance and regulations](#) on capping early exit charges for defined contribution benefits within occupational pension schemes. Amendments made by the Occupational Pension Schemes (Charges and Governance) (Amendment) Regulations 2017 provide for statutory guidance to be issued on how the value of the member's benefits is determined for the purposes of calculating the level of an early exit charge and ensuring that the permitted limit is not exceeded.

The guidance applies to the calculation of the 1% limit on early exit charges set out in the regulations, for any member who joined that scheme before 1 October 2017. No new early exit charges may be imposed after 1 October 2017 where no such charge previously existed or, where they did previously exist, on members who join that scheme on or after 1 October 2017.

Valuing safeguarded-flexible benefits for the advice requirement

The protracted saga of attempting to simplify how benefits that are broadly defined contribution in nature, but offer some form of pension income guarantee (termed "safeguarded-flexible benefits") are to be valued for the £30,000 appropriate independent advice requirement threshold draws nearer to conclusion. Previously covered in [PATHways 68](#) and originally as far back as [PATHways 59](#), the Government has issued a [response](#) to the latest consultation on simplifying the valuation of such pension rights for the advice requirement while ensuring adequate consumer protections are put in place. The response comes with two sets of regulations intended to come into effect on 6 April 2018 and the consumer protections will take the form of a new requirement for ceding schemes to send members contemplating transferring safeguarded-flexible benefits a 'personalised risk warning' before they proceed.

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