



PATHways

PENSION ADMINISTRATION TECHNICAL HELP

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

Occupational pension scheme returns

The Pensions Regulator (TPR) has provided updated checklists for the 2015/2016 scheme return for [defined benefit \(DB\) schemes](#) and [hybrid schemes](#).

Trustees are asked (although this may become mandatory from next year) to prepare the following information to allow TPR to gain insight into the frequency of transfers from DB schemes:

- total number and value of all transfers in respect of members' benefits;
- total number and value of transfers in respect of members' DB benefits to a defined contribution (DC) arrangement;
- total number of transfers where the member's transfer value before reduction was £30,000 or less; and
- whether the scheme pays transfer values on a reduced basis.

Hybrid schemes will also be affected by the new reporting requirements reported in [PATHways 53](#) including:

- questions regarding compliance with the new DC charge cap; and
- confirmation of the chair of trustees (in connection with the new requirement for a chair's statement).

Countdown bulletin 11

National Insurance Services to Pensions Industry [countdown bulletin 11](#) provides dates for pensions forums in December and information about the new Guaranteed Minimum Pension (GMP) service.

Finance (No. 2) Act 2015 receives Royal Assent

Royal Assent was given on 18 November 2015 to what was referred to as the Summer Finance Bill 2015. The Bill is now the [Finance \(No. 2\) Act 2015](#). As far as pensions tax changes are concerned, there is very little change between the Bill, the main features of which were reported in [PATHways 54](#), and the Act.

The Occupational Pensions (Revaluation) Order 2015

The Occupational Pensions (Revaluation) Order 2015 was published on 24 November 2015 and comes into force on 1 January 2016. The higher and lower revaluation percentages for each revaluation period are shown [here](#).

Autumn Statement 2015

George Osborne, Chancellor of the Exchequer, delivered his [Autumn Statement](#) and Annual Spending Review in the House of Commons on 25 November.

There was little in the way of new pensions-related announcements – the Government already [having confirmed](#) that a response to the 'Strengthening the incentive to save' consultation launched earlier this year on overhauling the system of taxation of pension savings will be delayed until the 2016 Budget. The use of salary sacrifice arrangements is also under the microscope and the Government intends to gather further evidence.

The Chancellor's speech and supporting documents included the following points:

- auto-enrolment minimum contribution rate rises, currently scheduled for October 2017 and October 2018, will each be delayed by six months so that the step-ups will be aligned with tax years (i.e. 6 April 2018 and 6 April 2019). The policy costings indicating the expected savings to the Exchequer for these measures have fuelled speculation that a move away from the current system of tax relief on pension contributions is unlikely before the end of the 2018/19 tax year;
- the starting rate from April 2016 for the new single tier state pension was confirmed at £155.65 (5p above the Pension Credit standard minimum guarantee);
- State Pension Age will be linked in future to rises in national life expectancy; and
- the Basic State Pension (BSP) will rise by £3.35 to £119.30 per week from April 2016, in line with the Government's triple lock guarantee.

It is intended that the Finance Bill 2016 will:

- allow for a simplification of the test that takes place when a dependant's scheme pension is payable;
- following the introduction of the single tier pension next April, introduce legislation to enable the pension tax rules on bridging pensions to be aligned with Department for Work and Pensions legislation; and
- include legislation ensuring inheritance tax does not arise on unused pension savings marked for drawdown. This will be backdated to apply to deaths on or after 6 April 2011.

Finally, further details on the secondary annuity market, originally proposed in the March 2015 Budget (see [PATHways 50](#)), will be included in the consultation response due to be published before the end of the year. The Government is planning to include provisions for the secondary annuity market in the Finance Bill 2017.

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