



Pension schemes newsletter 149 – April 2023

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 149](#). This includes, amongst other things:

Spring Budget 2023 – Lifetime Allowance (LTA)

Following an email issued by HMRC on 5 April 2023, the newsletter provides further confirmation that the pre - 6 April 2023 process for dealing with and reporting taxable lump sum death benefits by schemes will be retained – with HMRC applying the beneficiary’s marginal rate of tax rather than a LTA charge (55%) on the applicable portion of these payments. It’s expected that this process will continue until HMRC develops a longer-term position for the full abolition of the LTA from 6 April 2024.

Annual Allowance calculator

HMRC advises of ongoing work to update the [Annual Allowance calculator](#) to include the changes announced in the Spring Budget. They currently expect that the calculator will be updated for the 2023/24 tax year by summer 2023 with further updates on progress to be provided in a future newsletter. In the meantime, the calculator can be used for all tax years up to and including 2022/23.

Pension Scheme Return

HMRC has confirmed that it will be releasing functionality to allow a Pension Scheme Return for tax year ending 5 April 2024 to be submitted on the Managing Pension Schemes (MPS) service. Any returns for the tax year ending 5 April 2023 or earlier can continue to be submitted on the Pension Schemes Online (PSO) service, whether this is a new or amended return.

From 6 April 2024, some questions on the return will change with more detail required on transactions made by a pension scheme and its members. When the return is released on MPS, schemes can choose to upload a file of member details or add the details manually.

HMRC informs that schemes not already on MPS should be migrated by April 2024 to ensure there is enough time to complete the 2023/24 return by the 31 January 2025 deadline that would apply. If a scheme is migrated after April 2024 the newsletter outlines how this may impact the filing deadline and it also provides details of how a scheme can take action to migrate to MPS.

Event Report

From summer 2023, schemes will be able to create, compile and view the Event Report in-year for the 2023/2024 tax year on MPS. Pensions schemes need to have been migrated to the MPS to be able to compile and submit the Event Report. Submitting a new Event Report or amending an existing report for the 2022/2023 or earlier tax years, can still be done on the PSO service.

FCA guidance on transfer requests from overseas advisers

The Financial Conduct Authority (FCA) is concerned about overseas firms targeting the UK pension benefits of defined benefit (DB) scheme members living overseas and has published [guidance](#) for UK authorised firms interacting with overseas firms highlighting the increased risk and their expectations of those firms.

The guidance includes information on how the 'overseas advice model' under consideration typically operates, the relevant FCA rules that apply to FCA regulated firms involved in such transactions (including under the forthcoming Consumer Duty requirements), examples of where the likelihood of poor consumer outcomes increase and how such firms should detect and prevent consumer harm.

TPR news

Using leveraged liability driven investment (LDI)

The Pensions Regulator (TPR) has issued [guidance](#) on using LDI. The guidance replaces its original guidance from November 2022. Trustees must ensure that they have robust and effective operational processes in place to ensure the resilience of the pension scheme to market shocks and reduce the risks to the scheme to acceptable levels. The guidance sets out specific issues to consider when investing in LDI, including:

- where LDI fits within the scheme's investment strategy
- setting, operating and maintaining a collateral buffer
- testing for resilience
- making sure the right governance is in place
- monitoring LDI

TPR Corporate Plan 2023/2024

TPR has published its new [Corporate Plan for 2023 to 2024](#). This includes detail on its key priorities for the year ahead, which align with their five strategic priorities of security, supervision, protection of DB schemes, market stability and pension scams.

Equality, diversity and inclusion (EDI) guidance

TPR has published [guidance for pension scheme governing bodies](#) and [employers](#) on EDI. The guidance, developed with an industry working group, is designed to be used by pension scheme governing bodies and sponsoring employers to improve the EDI in their scheme's board.

New regulatory initiative - checking that savers are receiving value from their pensions

TPR [announced](#) that it is launching a new initiative to check savers in defined contribution (DC) schemes are benefiting from new rules that require trustees to assess whether they are delivering value for their members. TPR will be checking that trustees of DC schemes with assets under management of less than £100m are complying with [new value for members \(VFM\) regulations](#) that came into force in October 2021.

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