

# PATHways

## Pension Administration Technical Help

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



## HMRC: Countdown bulletin 31

HM Revenue & Customs (HMRC) has published [Countdown bulletin 31](#) which opens with a restatement of the broad guidelines that apply for reconciliation activity and confirms that the timeline remains, as previously communicated, to complete work by the end of December 2018. The bulletin also includes:

- a note that Department for Work and Pensions (DWP) and HMRC are looking to agree a workable solution where Limited Revaluation Premium (LRP) or Contributions Equivalent Premium (CEP) refunds would be payable in connection with transfers of pension rights;
- details of HMRC's automated solution for schemes that request to make CEP payments for 'not in scheme' queries in lieu of the liability, which can also be used for 'business as usual' CEPs for members who were current at 5 April 2016 with a subsequent end date.

## PASA to provide guidance on pension transfers

The Pensions Administration Standards Association (PASA) has [announced](#) that a working group will develop guidance on good practice when processing pension transfers. The accompanying press release touches on some of the challenges that trust-based DB schemes face while acknowledging that there is room for improvement in the process, closing with an outline of the areas that the group expects to focus on: "Our working group will be looking closely at all aspects of the supply chain to work through issues and produce solutions, as well as guidance to act as a reference point and create a smoother, more positive experience for all involved."

While we support efforts to assist the DB transfer process to run as smoothly as possible, we also welcome that the guidance will recognise that there are sometimes legitimate reasons why transfers are not completed as quickly as perhaps some members and advisers would like.

## Pension scammers ordered to repay victims

The High Court ruled on 23 January that four people who ran a series of scam pension schemes should repay £13.7 million they took from their victims. The Pensions Regulator (TPR) [press release](#) includes a number of case studies and an overview of how the scam worked, which mentions how "False documents were used to trick staff at the ceding schemes into believing that the pension holders worked for companies linked to the scam schemes."

This provides further confirmation that a member's right to transfer can, in the right (or wrong) circumstances, pose a set of unique challenges for DB scheme trustees and administrators.

## Legislative update

### Money Purchase Annual Allowance

#### The Registered Pension Schemes and Overseas Pension Schemes (Miscellaneous Amendments) Regulations 2018

Following Finance (No. 2) Act 2017 bringing into law the reduction of the Money Purchase Annual Allowance from £10,000 to £4,000 (backdated to 6 April 2017) in November 2017, the amendments necessary to align the 'HMRC Provision of Information' regulations (SI 2006/567) have now also been made, by way of [The Registered Pension Schemes and Overseas Pension Schemes \(Miscellaneous Amendments\) Regulations 2018](#) (SI 2018/5). This relates to the information that schemes are required to give to members when they first flexibly access pension rights and in pension savings statements.

### PPF compensation bridging pension amendments

#### The Pension Protection Fund (Compensation) (Amendment) Regulations 2018

Further to [PATHways 82 | November 2017](#), the DWP has published its [consultation response](#) and made regulations in connection with amending Pension Protection Fund (PPF) compensation to take account of bridging pensions.

[The Pension Protection Fund \(Compensation\) \(Amendment\) Regulations 2018](#) (SI 2018/95) amend the PPF Compensation Regulations so that the revised compensation provisions will apply to schemes which enter into PPF assessment on or after 24 February 2018.

### Draft legislation

#### The Guaranteed Minimum Pensions Increase Order 2018

['The Guaranteed Minimum Pensions Increase Order' 2018](#) in its draft form states that the rate by which post-6 April 1988 Guaranteed Minimum Pensions (GMPs) must be increased from 6 April 2018 will be 3.0%. This legislation has not yet been made.

#### The Financial Assistance Scheme (Increased Cap for Long Service) Regulations 2018

['The Financial Assistance Scheme \(Increased Cap for Long Service\) Regulations' 2018](#) set out, in draft form, the proposed amendments to the Financial Assistance Scheme (FAS) regulations that will incorporate the long service cap rules previously consulted on by the DWP. The FAS long service cap will broadly mirror its PPF counterpart.

#### The Social Security Benefits Up-rating Order 2018

['The Social Security Benefits Up-rating Order' 2018](#) in its draft form sets out that the full rate of the 'new' state pension will increase to £164.35 a week on 9 April 2018.

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