

## Bulletin for Pensions Managers

Welcome to the May/June 2015 issue of our Bulletin for Pensions Managers. This issue covers developments to the end of June 2015.

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### Pensions news

#### SUMMER BUDGET 2015

The [Summer Budget](#) contained a number of pensions-related announcements and confirmations, including the following:

- Tax relief on pension contributions will be reduced from 6 April 2016 for individuals with “adjusted income” (income plus employer pension contributions) of over £150,000. This will be achieved by tapering the annual allowance down to a minimum of £10,000. Pension input periods will be aligned with the tax year, with complicated [transitional measures](#) to achieve this.
- The Government is [consulting](#) on whether and how the pensions tax relief system should be reformed. The consultation closes on 30 September 2015.
- The Government will consult on options to make pension transfers quicker and smoother, including the question of excessive early exit penalties, and will consider imposing a legislative cap if there is evidence of such penalties for people aged 55 or over.
- As previously announced, the lifetime allowance will be reduced to £1m from 6 April 2016. Transitional protection will be available. The lifetime allowance will also be increased in line with CPI from 2018.

For more information, please see our [legal update](#).

#### Action

Schemes and employers will need to start planning for the 6 April 2016 tax changes, including considering how best to communicate these changes to members.

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#### REGULATOR: ANNUAL DB FUNDING STATEMENT

The Regulator has published its 2015 annual DB funding [statement](#). This is targeted at schemes with valuation dates between 22 September 2014 and 21 September 2015 and, among other things, includes the following points:

- contingency planning and an integrated approach to risk management are essential;
- the level of risk taken must be appropriate to the circumstances of each scheme and employer;
- the Regulator anticipates that most schemes will set funding strategies based on lower investment returns than at their last valuation;
- where employer affordability is constrained, trustees should undertake a higher level of due diligence on employer affordability, and put in place strategies for managing the greater risks that a lower level of deficit reduction contributions brings; and
- the Regulator plans to publish additional practical guidance to complement the DB funding code.

The Regulator has also published a [quick guide](#) for employers to the DB funding code.

#### Action

Schemes with a valuation date between 22 September 2014 and 21 September 2015 should review the statement. Other schemes may also find the statement useful.

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## DC SCHEME RETURN: NEW QUESTIONS

The scheme return for DC schemes has been updated for 2015 to include questions:

- confirming the scheme's compliance with the charges cap (where applicable);
- confirming either the name of the trustee chair or that the scheme is exempt from the requirement to appoint a chair; and
- confirming whether the scheme employer has used the scheme to automatically enrol employees or as a qualifying scheme in respect of existing employees since 6 April 2015.

### Action

Trustees of DC schemes should ensure that they have the necessary information to complete the new questions.

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## PPF: CHALLENGING EXPERIAN INSOLVENCY SCORES

The PPF has published a range of materials on challenging a company's Experian insolvency score including:

- FAQs; and
- the form to be used when applying for an informal review of an Experian score.

### Action

No action required.

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## HMRC: LIST OF RECOGNISED OVERSEAS PENSION SCHEMES (ROPS)

HMRC has published a revised version of its list of schemes that have notified HMRC that they are ROPS. The list has been updated to make it clear that HMRC cannot guarantee that the schemes are in fact ROPS or that transfers to them will be tax-exempt.

### Action

No action required.

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## CONTRACTING-OUT: COUNTDOWN BULLETIN 8

HMRC has published issue 8 of its Countdown Bulletin on the abolition of contracting-out. Among other things, the issue covers responses to questions raised at the DWP/HMRC Pensions Industry Conference 2015.

### Action

No action required, but schemes holding contracted-out rights, in particular GMPs, may find the Bulletin useful.

## HMRC PENSION SCHEMES NEWSLETTER 69

HMRC has published issue 69 of its Pension Schemes Newsletter. Among other things, the issue covers scheme registration figures for the 2014/15 year and information on the changes to HMRC's list of ROPS.

### Action

No action required, but schemes may find the Newsletter useful.

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## FCA: REVISED PENSION TRANSFER ADVICE RULES

The FCA has published a policy statement setting out its new rules on pension transfer advice following the introduction of a new regulated activity in advising on a transfer/conversion/lump sum payment of safeguarded benefits. Among other things, the new rules require that any person advising on a transfer of safeguarded benefits to a DC scheme must have a "Pension Transfer Specialist" qualification. The new rules came into force on 8 June 2015.

### Action

No action required.

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## IASB: PENSION ACCOUNTING CHANGES

The IASB has published a consultation on narrow scope amendments to its pension accounting requirements. The proposed changes are designed to improve information for investors and to address some diversity in practice. The consultation closes on 19 October 2015.

### Action

No action required.

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## GMPS: PASA GUIDANCE

The PASA has published guidance on GMP reconciliation.

### Action

No action required, but schemes holding GMPs may find the guidance useful.

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## TRANSFER OF ADMINISTRATORS: CODE OF CONDUCT

The PASA has published an updated version of its code of conduct on the transfer of administration providers.

### Action

No action required, but schemes intending to change administrators may find the code helpful.

## RETIREMENT ADVICE: ADVISER DIRECTORY

The Money Advice Service has published its retirement adviser [directory](#) which is designed to help individuals find a suitable financial adviser for assistance with their pension savings. Individuals who use the Pension Wise website will be signposted to the directory, and anyone contacting an adviser through the directory will be entitled to a free initial no obligation meeting.

### Action

No action required, but schemes may wish to include a reference to the directory's existence in their retirement information.

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## Pensions finance

### EMIR: EXEMPTION FROM CENTRAL CLEARING REQUIREMENTS

The European Commission has published a draft [regulation](#) extending the exemption for pension schemes from the central clearing requirements under EMIR for a further two years.

### Action

No action required.

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## Pensions litigation

### EMPLOYER DUTY OF GOOD FAITH

The High Court has [upheld](#) the Pensions Ombudsman's determination that the BBC's conduct in seeking to impose a pensionable pay cap for members of its DB pension scheme did not breach the BBC's duty of good faith.

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### CHANGING EARLY RETIREMENT POLICIES

The High Court has [decided](#) that, when adopting a new early retirement policy, an employer did not have to give notice to members of its intention to adopt a new policy. However, it did need to inform members that a new policy had been adopted, and the new policy was not effective until it had done so.

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### PENSIONS LIBERATION

The Ombudsman has [decided](#) in favour of two scheme providers in a complaint by a member that they had failed to make the necessary checks on the receiving vehicle before granting his transfer requests to that scheme.

Although the Ombudsman decided that the scheme providers had both carried out the necessary checks in relation to the receiving scheme, in reaching this decision he appeared to place some weight on the fact that the transfer took place in late 2012 [before](#) the Regulator issued its guidance on pensions liberation in February 2013. This would suggest that the Ombudsman could, and might, have reached a different decision had the transfer been made after publication of the Regulator's guidance.

The Ombudsman has also [decided](#) that the fact that a pension provider had not updated its transfer procedures by March 2013 to include the Regulator's "Scorpion" guidance did not amount to maladministration. In any event, the member in question had a statutory right to transfer and this overrode any duty of care that the provider might have owed to the member.

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### PPF LEVY: LEGAL OPINIONS RELATING TO CONTINGENT ASSETS

The PPF Ombudsman has [confirmed](#) that, where a legal opinion is submitted in support of certification of a contingent asset for PPF levy purposes, that opinion must predate the contingent asset agreement (or amendment agreement).

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### PPF LEVY: RELIANCE ON INFORMATION PROVIDED BY PPF STAFF

The PPF Ombudsman has [decided](#) that email assurances given by a PPF employee to the effect the PPF would not be minded to take action in relation to a scheme's non-submission of a s179 valuation, and that it would be likely to exercise its discretion to charge a nil levy for the relevant levy year, were not sufficient to create an estoppel by representation or to amount to a breach of legitimate expectations.

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### PENSIONS OMBUDSMAN: REDRESS FOR NON-FINANCIAL INJUSTICE

The Ombudsman has published a [factsheet](#) to provide guidance on its approach to redress for non-financial injustice (such as distress and inconvenience). The Ombudsman's usual starting point for awards will be £500 or more, and in most cases, they will range from £500 to £1,000, although higher awards may sometimes be made. If the non-financial injustice is not significant, no award is likely to be made.

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## Mayer Brown events

If you are interested in attending any of our events, please contact Katherine Dixon ([kdixon@mayerbrown.com](mailto:kdixon@mayerbrown.com)) or your usual Mayer Brown contact. All events take place at our offices at 201 Bishopsgate, London EC2M 3AF.

- **Trustee Foundation Course**

15 September 2015

1 December 2015

Our Foundation Course aims to take trustees through the pensions landscape and the key legal principles relating to DB funding and investment matters, as well as some of the specific issues relating to DC schemes, in a practical and interactive way.

- **Trustee Building Blocks Class**

17 November 2015 – topic to be confirmed

Our Building Blocks Classes look in more detail at some of the key areas of pension scheme management. They are designed to be taken by trustees who have already taken our Foundation Course.

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Please speak to your usual contact in the Pensions Group if you have any questions on any of the issues in this Bulletin.

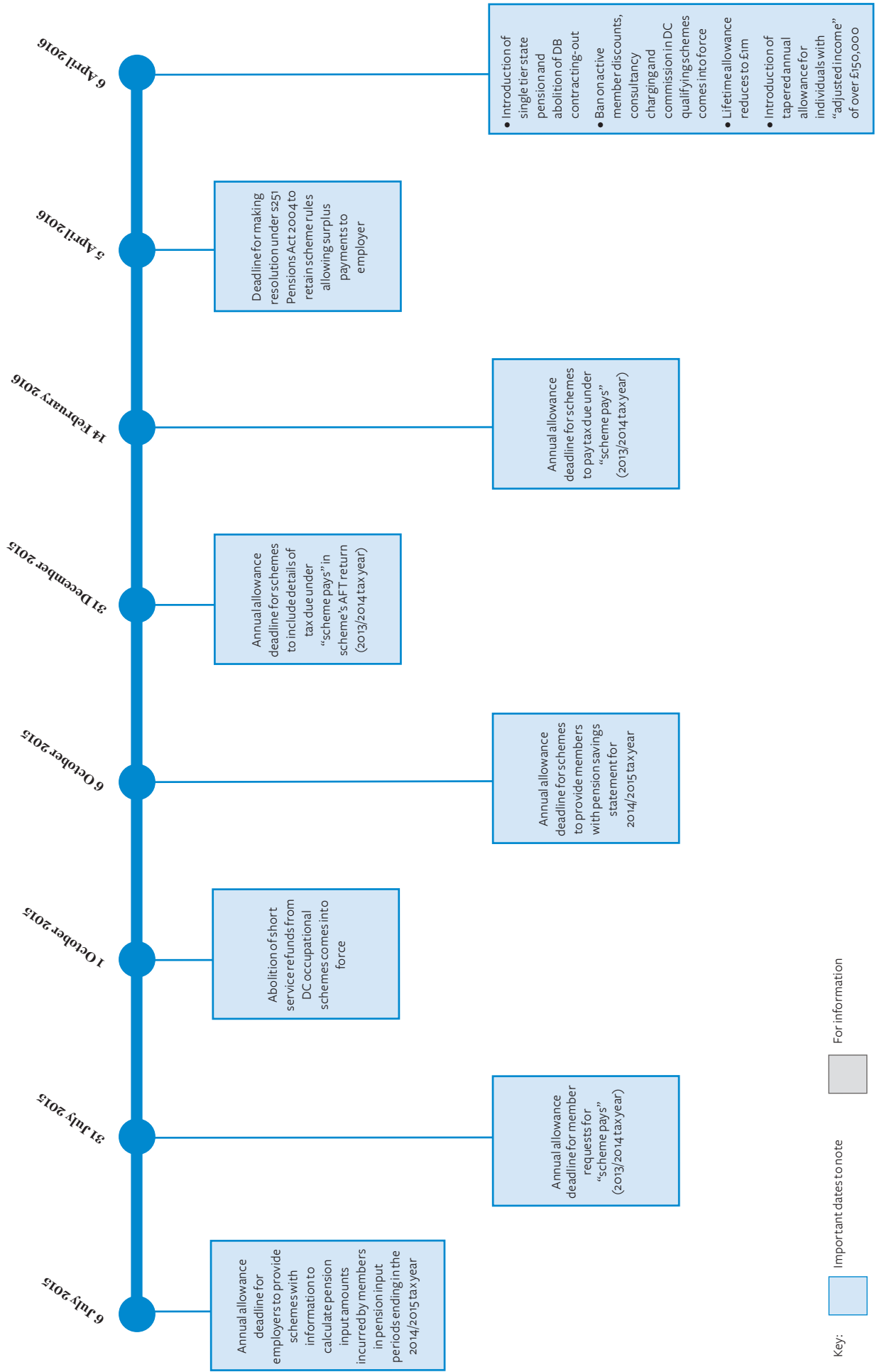
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# Dates to note over the next 12 months



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