

THE PENSIONS BRIEF

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Issues affecting DC schemes

VAT

Order putting the VAT exemption for DC fund management services on a statutory basis



Issues affecting all schemes

Lifetime allowance – 2019/20 level

Regulations have been made that set the lifetime allowance for the 2019/20 tax year at £1.055 million.

Action

Trustees should liaise with their administrators to ensure that the change in the lifetime allowance is reflected in their scheme's administration processes when it comes into force. They may also wish to consider notifying members of the new allowance.

Automatic enrolment – 2019/20 earnings figures

An order has been laid before Parliament that sets the automatic enrolment earnings figures for the 2019/20 tax year as follows:

- earnings trigger: £10,000
- qualifying earnings band: £6,136 – £50,000

Action

Employers should ensure that their automatic enrolment processes are updated to reflect the new earnings figures when these come into force.

Single financial guidance body – launch

The single financial guidance body has now been launched and the functions of TPAS and Pension Wise have been transferred to it. A new name for the body will be sought during the course of 2019. In the meantime, the three entities will continue to operate under their existing names.

Action

Once a new name for the body has been chosen and the relevant regulations have been updated, trustees should update references to TPAS and Pension Wise in their scheme literature accordingly.

Record-keeping – measuring scheme data

The Pensions Regulator has published a quick guide for trustees on measuring scheme data.

Action

No action required, but trustees may find the guide helpful.

Lump sum death benefits – distribution

The Pensions Ombudsman has directed trustees to reconsider their decision on distribution of lump sum death benefits because they:

- acted on the member's most recent expression of wish form as if it was legally binding;
- made no attempt to look into the member's family background;
- did not consider any beneficiaries who were not nominated in the most recent and previous expression of wish forms; and
- made an unduly rushed and flawed decision.

Mrs G (PO-17602)

Action

Trustees should ensure that they follow a proper process when making decisions on distribution of death benefits and that they take sufficient time to do so.



Issues affecting DB schemes

Brexit – Pensions Regulator statement

The Pensions Regulator has published a [statement](#) on Brexit. Aimed primarily at trustees of DB schemes, the statement notes that the Regulator does not expect Brexit to have a significant effect on the legislative framework governing schemes or on trustees' ability to continue to administer their scheme effectively, whether there is a negotiated or "no-deal" Brexit. However, the statement notes the following specific areas to which trustees should pay attention:

- the need for "no-deal" contingency planning;
- the government's guidance on the payment of occupational pension benefits to [UK nationals in the EU](#) and to [EU citizens in the UK](#) in the event of a "no-deal" Brexit; and
- the implications of Brexit for cross-border schemes.

Action

Trustees and employers should ensure that they have considered the possible impact of Brexit on their scheme's funding, investments and employer covenant, and have factored this into their contingency planning.

Guaranteed minimum pensions – annual increase

An [order](#) has been laid before Parliament that sets the increase to be applied to GMPs in the 2019/20 tax year at 2.4%.

Action

Trustees should ensure that the 2.4% increase is applied to GMPs in payment.

Bridging pensions – changes to state pension age

The government has [consulted](#) on draft legislation to enable schemes to pay bridging pensions to a member whose state pension age is later than 65 without breaching age discrimination legislation. This is to reflect the gradual increase to state pension age, implementation of which began in December 2018. The consultation closed on 30 January 2019.

Action

Trustees of schemes that offer bridging pensions should keep the progress of the consultation under review.



Issues affecting DC schemes

VAT – pension fund management services

An order has been made that inserts a VAT exemption into UK law for fund management services provided to pension schemes:

- that are solely funded, whether directly or indirectly, by members;
- where the members bear the investment risk;
- which contain the pooled contributions of more than one member; and
- where the risk borne by the members is spread over a range of investments.

The exemption should apply to most DC pension schemes. Although this exemption is not currently set out in legislation, HMRC has allowed schemes to claim its benefit since the Court of Justice of the EU's decision in the 2014 *ATP* case. The order will come into force on the date of Brexit.

Action

No action required.



Mayer Brown news

Employer Perspectives – our new blog

We are pleased to announce the launch of our new blog, “Employer Perspectives”, which is designed to provide practical insights and commentary for UK employers on developments in the employment and pensions industries. Subjects for comment include legislative changes, case law, regulatory developments and wider industry trends that will have a direct impact on UK employers.

Visit the blog at employerperspectives.com and [subscribe to blog updates via email](#).

Upcoming events

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

Trustee Foundation Course

26 February 2019
21 May 2019 - revised date
17 September 2019
10 December 2019

Trustee Building Blocks Classes

18 June 2019 – DC governance
12 November 2019 – DB funding and investment

Annual Pensions Conference

2 October 2019

The View from Mayer Brown: UK Pensions Law Podcasts

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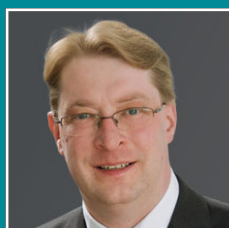
Please note – subscribing above will only work on a device with iTunes installed. Alternatively, if you don't have iTunes, you can access the podcasts via our [website](#).

Mayer Brown media comment

- [Giles Bywater](#) wrote an article in Pensions Expert on using contingent assets to reduce a scheme's 2019/20 Pension Protection Fund levy.
- [Stephen Walsh](#) will be speaking at the 17th Conference on Bulk Annuities which is being held in London on 9-10 April 2019.

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

For more information about the Pensions Group, please contact:



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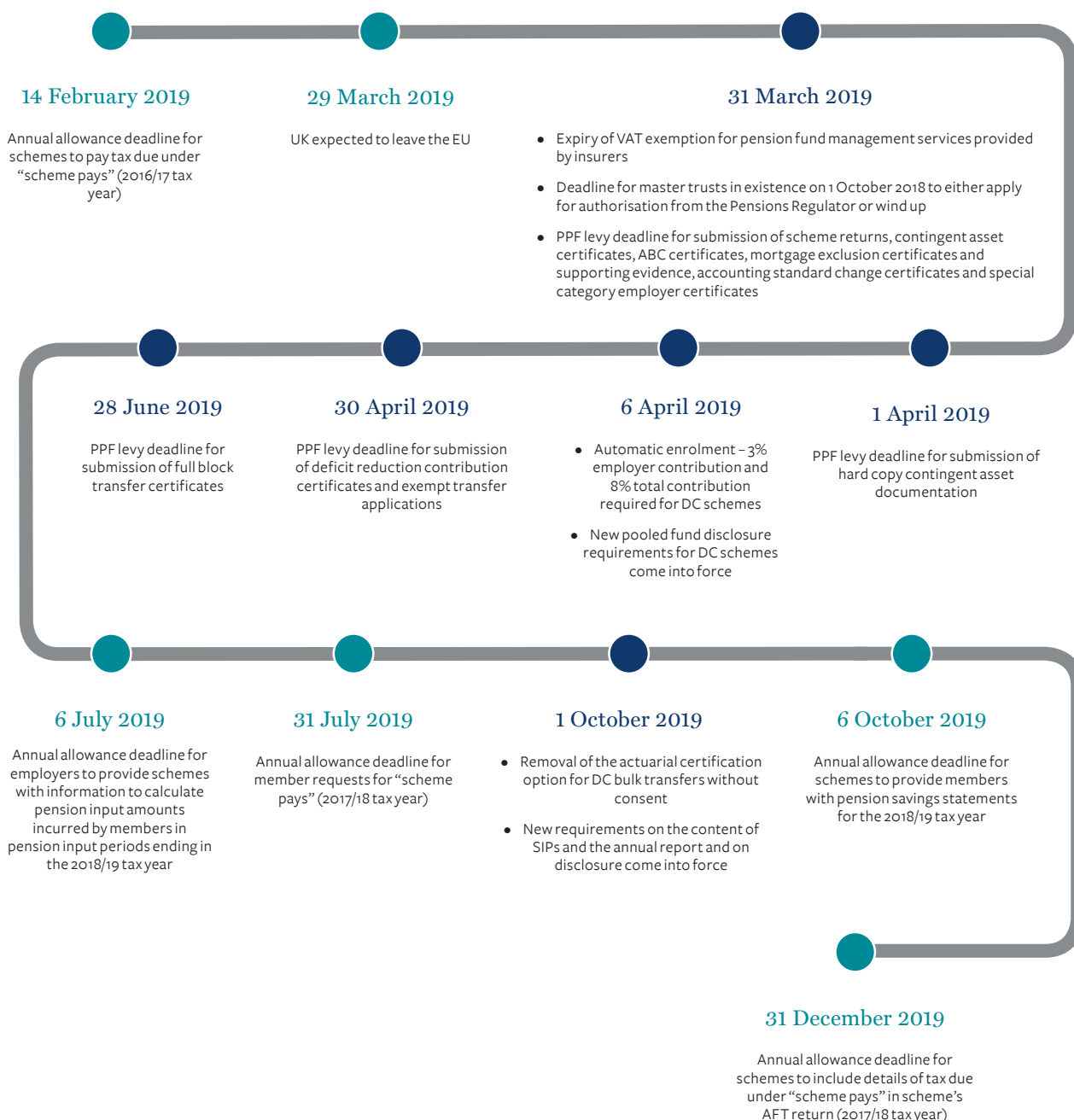
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Dates to note over the next 12 months



Key:

- Important dates to note
- For information

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