BARNETT WADDINGHAM
beyond the expected

PATHways

Pension Administration Technical Help

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

Pension scams: restricting members' right to transfer

The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 was laid before parliament on 8 November 2021. The effect is that from 30 November 2021, trustees can stop or pause transfers if they suspect a scam. Responsibility will fall on trustees to ensure certain conditions are met before making transfers.

Broadly, depending on the type of receiving scheme, trustees may be required to gather information, and in some cases evidence directly from a member to determine whether any of the prescribed red or amber flags are present. Red flags include that the individual was pressured to transfer or offered an incentive, or where the individual does not respond to a reasonable request for evidence or information. Amber flags include where high or unclear fees are charged by the receiving scheme, or where the receiving scheme includes high-risk or complex investments. Where an amber flag is identified a member must complete and provide the required evidence of a pension safeguarding guidance session with MoneyHelper. This is a new service that MoneyHelper introduced on 30 November 2021. Where a red flag is identified the member loses their statutory right to a transfer on that occasion.

There are additional requirements for transfers to occupational pension schemes, where specified evidence of an 'employment link' must be provided. For QROPS transfers, evidence of a 'residency link' must normally be provided.

Details of the new requirements, including the red and amber flags, can be found in The Pensions Regulator's guidance.

Normal Minimum Pension Age (NMPA) update

The Finance (No.2) Bill was published on 4 November 2021 and provides some more detail on the proposed NMPA increase from age 55 to 57 from 6 April 2028, to coincide with state pension age reaching 67 (see PATHways 126).

Certain uniformed public service pension schemes, including the firefighters', police and armed forces pension schemes, will be exempt from the NMPA increase. A protection framework will apply to members of schemes before 4 November 2021 whose rules provided an unqualified right to take benefits before age 57 as at 11 February 2021.

A Treasury Update accompanied the Finance Bill confirming the closure of a window in which people could either join or transfer to a scheme which had a protected pension age (PPA) of 55. Originally it was proposed that this window would close in April 2023, but this update confirms it closed on 3 November 2021. Those who had already made a substantive request to transfer their pension to a pension scheme with an NMPA of 55 or 56 by that date will still be able to keep or gain a PPA, assuming the transfer is completed in accordance with the current regulations.

info@barnett-waddingham.co.uk www.barnett-waddingham.co.uk

HMRC updates

Pension schemes newsletter 135

HM Revenue & Customs (HMRC) has published Pension schemes newsletter 135, which provides information about:

- migration to the Managing pension schemes service – a new feature has been added to allow administrators to view a list of pension schemes they need to migrate to the service. It is currently a 'read only' list and therefore administrators are not currently able to migrate any schemes. A future newsletter will advise when administrators will be able to provide up to date information on their schemes and when migration will be available.
- contact details to notify HMRC if administrators are registered on Pension schemes online but their ID is now obsolete, as they no longer act for any pension schemes.
- annual allowance – a request to remind impacted members to make a declaration on their Self Assessment tax return if they exceed their annual allowance for the 2020/2021 tax year with insufficient annual allowance carry forward to cover the excess, even if they are using scheme pays for the tax charge.

Managing pension schemes service newsletter November 2021

HMRC has also published its latest Managing pension schemes service newsletter which includes information about:

- pension scheme migration and enrolling on the Managing pension scheme service - scheme administrators. must be enrolled on the service to be able to view a list of schemes.
- updating scheme administrator and practitioner details when these change.
- plans for future releases, including the ability to select schemes and provide up to date information on them.
- how administrators can contact HMRC if they do not currently have access to either of the online services.

Further legislation updates

The Occupational Pensions (Revaluation) Order 2021

The annual revaluation order was laid before Parliament on 25 November 2021 and comes into force on 1 January 2022. It states the percentage increase(s) to be used when revaluing preserved pension benefits (in excess of GMP rights) from the date of leaving a final salary occupational pension scheme and applies for retirements during the 2022 calendar year.

The Social Security (Up-rating of Benefits) Act 2021

The Social Security (Up-rating of Benefits) Act 2021 received Royal Assent on 17 November 2021. This legislation temporarily suspends the earnings element of the Triple Lock for one year only, following distortions to the earnings statistics for certain State Pension benefits. This means the basic State Pension will increase to £141.85 a week and the full rate of new State Pension will increase to £185.15 a week from 11 April 2022.