



HMRC publishes GMP equalisation newsletter

HM Revenue & Customs (HMRC) has published a [newsletter](#) giving guidance for schemes that will be adjusting benefits in order to equalise for the effect of inequalities in Guaranteed Minimum Pension (GMP). The guidance considers a number of tax consequences where schemes will be using a 'dual record keeping' approach.

HMRC states that in most cases, such benefit adjustments would not be classed as new accrual of benefit, although they might have an impact on any past or future benefit crystallisation events.

The guidance covers the follow areas:

- **Annual allowance** – including confirmation that GMP equalisation should not normally result in the 'deferred member carve-out' ceasing to apply and that such adjustments will not need to be considered for pension input periods that occurred in the past.
- **Lifetime allowance protections** – whilst increases due to GMP equalisation should not result in benefit accrual for fixed protection purposes, the value of benefits given to HMRC when primary or individual protection was applied for may need to be updated. Members with enhanced protection will need to check if the adjustment impacts on whether 'relevant benefit accrual' has occurred.
- **Benefit crystallisation event (BCE) calculations** – confirming that previous BCE2 (entitlement to a scheme pension) and BCE5 (age 75) calculations will need to be revisited and corrected where an adjustment is made. This may result in a lifetime allowance charge becoming due, in relation to previous or future BCE events under the same or a different pension arrangement. Guidance is also provided on how any charge should be paid and reported to HMRC.

Further guidance is expected to be provided 'as soon as possible' on other pension taxation issues relating to the equalisation of GMPs, such as the treatment of lump sum and death benefit payments. HMRC says it is also exploring the tax implications of using the conversion method with its industry working group.

Pension Schemes Newsletter 117 published

HMRC has published [Pension schemes newsletter 117](#) in addition to the GMP equalisation newsletter detailed above. This newsletter includes:

- updates on the Scottish and Welsh income tax rates for 2020/21
- links to The Pensions Regulator's (TPR) [pension scams](#) page and to their scheme transfer [checklist](#)

New Chancellor appointed

Rishi Sunak, the MP for Richmond, has been appointed as the new Chancellor of the Exchequer. Mr Sunak replaced Sajid Javid during this month's Cabinet reshuffle. Following his appointment, Mr Sunak confirmed that the Budget originally [announced](#) for 11 March 2020 will still go ahead as planned.

Dr Thérèse Coffey, the Secretary of State for Work and Pensions, and Guy Opperman, Minister for Pensions and Financial Inclusion, have both remained in their posts.

PASA consults on draft DB Transfers Code of Good Practice

The Pensions Administration Standards Association (PASA) has launched a [consultation](#) on its draft DB Transfers Code of Good Practice. The Code is designed to build on the guidance issued previously by PASA for more straightforward or 'standard' transfer cases, which was covered in [PATHways 102](#). This was originally intended to be followed up with further guidance for 'non-standard' cases, but PASA has decided that a Code dealing with both standard and non-standard cases will provide clearer expectations for schemes.

The Code will aim to improve the member experience, administrative efficiency and the communication of defined benefit transfer cases by providing example communications and processes.

The consultation closes on 30 April 2020, with the Code currently expected to be released in September 2020.

TPR publishes consultation response

TPR has published a [response](#) to its Future of Trusteeship and Governance consultation. The consultation was based on TPR's aspirations to better protect the interest of savers. It focused on improving the skills, knowledge and diversity of trustee boards, the effectiveness of governance structures and the accreditation of professional trustees.

In its response TPR sets out its intention, which includes to:

- review and update its trustee knowledge and understanding codes and guidance, and the Trustee toolkit
- establish an industry working group to develop guidance and tools to improve scheme governance structures, including steps to improve diversity and inclusion on trustee boards
- monitor DC consolidation activity and work with DWP and the industry to overcome barriers to consolidation

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