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

HMRC Updates

Pension Schemes Newsletter 128

HM Revenue & Customs (HMRC) has published Pension schemes newsletter 128 which includes:

- Confirmation that the lifetime allowance will be frozen for the following five tax years.
- Extensions until 30 June 2021 for several temporary changes to HMRC processes caused by the COVID-19 pandemic. These include easements for the submission of Accounting for Tax returns and certain pension scheme returns.
- Confirmation that practitioner registration and authorisation features are now available on the Managing Pension Schemes service. Details of these new features and further updates for users of the service can be found in in the latest Managing Pension Schemes service newsletter.

Countdown Bulletin 54

HMRC has also published Countdown bulletin 54. This confirms that final data cuts should have been issued by the end of July 2020 to all schemes, except those which had nil output or with an administrator which could not be traced. There is a last opportunity for schemes which have not received the final data cut to contact HMRC by 31 July 2021 to request these. Only schemes which had previously engaged with the Scheme Reconciliation Service or with an ongoing file in the Scheme Cessation area will be able to do so.

Legislation update

The Social Security Revaluation of Earnings Factors Order 2021 sets the rates for revaluing earnings factors when calculating deferred Guaranteed Minimum Pensions (GMPs) in schemes that were formerly contracted out on a defined benefit basis. Those rates reflect an increase in average earnings in the UK of 2.6% in the year to September 2020.

The Guaranteed Minimum Pensions Increase Order 2021 provides that post 5 April 1988 GMPs must be increased by 0.5%. from 6 April 2021.

The Occupational and Personal Pension Schemes (General Levy) (Amendment) Regulations 2021 sets increased rates for the general levy after the previous year's regulations were revoked. These regulations were previously consulted on, as covered in PATHways 119. The Department for Work and Pensions has published its response to the consultation which confirms that the Government will proceed with its preferred option of introducing separate levy rates for defined benefit, defined contribution, master trust and personal pension schemes. This reflects the differing levels of oversight required for each of these scheme types.

The levy rates will increase from 1 April 2021, and again in each of the following two years.

MaPS to launch single MoneyHelper brand

The Money and Pensions Service (MaPS) has announced that the Money Advice Service, The Pensions Advisory Service (TPAS) and Pension Wise will be replaced by a single consumer brand called MoneyHelper. The free and impartial guidance currently offered by TPAS will continue under the MoneyHelper brand. Pension Wise will still operate as a named brand within this service. The intention is that access to pensions support will be easier and clearer if this is linked to similar support services. Content from the websites of the three services will be consolidated into a single site.

The new brand will be rolled out from early June 2021, at which point the websites for the former services will redirect to the MoneyHelper site. MaPS has undertaken research showing that 22 million people did not know enough to plan for retirement before the pandemic, and that 60% of people are more worried about their finances due to the pandemic.

TPR updates

Consultation on single code of practice

The Pensions Regulator (TPR) has published a consultation on the first phase of its new code of practice, which will replace ten of the existing codes. TPR intends for this to bring the content up to date, be easier to use and to remove duplication between codes. The code consists of 51 shorter topic-based modules. Related guidance will be reviewed later in 2021.

The code will allow schemes to understand TPR's expectations of what an 'effective system of governance' is, and propose how a scheme with 100 or more members can prepare an annual 'own-risk assessment'. This will enable schemes to fulfil their requirements under the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018.

Corporate Strategy published

TPR has published its Corporate Strategy, looking ahead at how it can respond to anticipated changes to pensions saving over the next 15 years. The Strategy's publication follows a consultation with the industry last year, to which TPR's response has also been published. The Strategy reflects the increasing move towards defined contribution savings across generations. There are five strategic priorities, which are:

- Protecting the safety of savers' money
- Ensuring value for money through oversight of costs, charges, efficiency and administration
- Scrutiny of decision making, including on risks from environmental, social and governance factors
- Encouraging innovation such as developing technology and the establishment of Collective Defined Contribution schemes
- 'Bold and effective' regulation, setting clear expectations and acting quickly where these are not met

Consultation on criminal sanctions policy

TPR has also published a draft policy and consultation on how it plans to use the criminal powers it has been given in the Pension Schemes Act 2021. The criminal offences of avoidance of employer debt and of conduct risking accrued scheme benefits are expected to be brought into force by the autumn. The policy sets out what factors TPR will consider when determining if there is a reasonable explanation for the behaviour, and how it will carry out its investigations.

This is the first in a series of consultations TPR will be publishing as a result of changes in the Pension Schemes Act.