



Pension schemes newsletter 141

HM Revenue & Customs (HMRC) has published [Pension schemes newsletter 141](#), which includes:

- Further reminders of the action that needs to be taken to migrate pension schemes to the Managing pension schemes service and submit Accounting for Tax returns.
- A summary of the pension measures to be included in next year's Finance Bill, including in relation to making top-up payments to "low-earners" under the net pay arrangement, as mentioned below and in [PATHways 129](#).

Draft legislation for next year's Finance Bill

A [collection of documents](#) has been published jointly by HMRC and HM Treasury including draft legislation for the Finance Bill 2022-23, subject to confirmation in Budget 2022.

Pensions-related items include measures relating to the tax relief anomaly for "low earners" paying contributions to pension schemes operating the net pay arrangement, and the tax treatment of payments from collective money purchase schemes in wind up and of benefits reclaimed from the Dormant Assets Scheme relating to funds originating from certain pension schemes. As noted above, a summary of these proposals is given in Pension Schemes Newsletter 141.

The draft legislation is published for technical consultation first before the Finance Bill is laid before Parliament and the consultation closes on 14 September 2022.

Joint statement on transfer regulations

A member may lose their statutory right to a transfer in certain scenarios if a scam is suspected (see [PATHways 130](#)). However, there have been some inconsistencies around the operation of the regulations, primarily in connection with overseas investments and certain incentives, where trustees believe that there is a low risk of a scam.

As explained in the [DWP and TPR joint statement on transfer regulations](#), the Pensions Regulator (TPR) has made changes to its [Dealing with transfer requests](#) guidance. This aims to further clarify TPR's understanding of the intention of the regulations and to highlight that scheme rules may still allow a non-statutory transfer to be made in such situations, should trustees decide to follow such an approach.

No changes have been made to the regulations, although the Department for Work and Pensions (DWP) will consider this further as part of its review of the regulations which is due by the end of May 2023.

'Stronger nudge' for DB and hybrid schemes

A [joint letter](#) has been sent to the Work and Pensions Committee (WPC) by a number of large pension schemes, raising concerns about the application of the 'stronger nudge' requirements (see [PATHways 136](#)) to DB and certain hybrid schemes. The concerns include that the Pension Wise guidance may cause member confusion and lead to wrong decisions being made about defined contribution (DC) benefits by defined benefit (DB) members with DC AVCs or other small DC benefits, or members of a hybrid scheme where their benefits are predominantly DB benefits.

According to the schemes, DWP has committed to giving consideration to exempting DC AVCs in DB schemes and small DC pots in hybrid schemes from the 'stronger nudge' requirements following the collection of data on member reaction.

The letter encourages the WPC to question ministers and regulators in relation to these matters.

Pensions dashboards update

Developments on the pensions dashboards front include the following:

- The Government response has [been published](#) to the consultation on pensions dashboards regulations launched in January 2022 (see [PATHways 132](#)) together with a [summary](#) of the key policies. The proposals are fundamentally the same following the consultation but there have been some changes including deferring the staging deadline for certain larger schemes, how the staging deadline should be determined for hybrid schemes, and what the connection requirements will be for schemes in PPF assessment. There are also proposals for including more flexibility for preparing value data such as a simplified approach for deferred DB members, DB benefits which include several tranches, and hybrid benefits.
- TPR has updated its [initial pensions dashboards guidance](#) following the Government's response to the draft pensions dashboards regulations. The guidance will be updated further when the final regulations are published and to reflect the Pensions Dashboards Programme's (PDP) pensions dashboard standards.
- DWP has published [pensions dashboards standards](#) for consultation. The standards set out the technical and operational detail and will outline the dashboard requirements for all pension and dashboard providers. There are a number of different [standards](#), one of which is accompanied by a [call for input](#) seeking feedback on the PDP's proposals and another which comes in the form of a code. The consultation and call for input both last until 30 August 2022, and PDP is aiming to publish its final standards (other than the design standards) shortly after the final pensions dashboards regulations come into force, currently due later this year.
- [Early connection guidance](#) has been published by PDP, setting out when pension providers can apply for earlier connection than the connection date provided by TPR and describing the process to be followed.

Draft funding and investment regulations

A consultation has been [launched](#) on the [draft Occupational Pension Schemes \(Funding and Investment Strategy and Amendment\) Regulations 2023](#), setting out the detail of the new requirements for DB schemes (introduced by the Pension Schemes Act 2021) to have a funding and investment strategy and submit a statement of strategy, signed by a chair of the trustees, to TPR. There are also proposed amendments to the Occupational Pension Schemes (Scheme Funding) Regulations 2005. The consultation runs until 17 October 2022.

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