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 Pension schemes newsletter 121

HM Revenue & Customs (HMRC) has published Pension schemes newsletter 121. This includes:

- an update to Pension schemes newsletter 118 to confirm that they are extending the guidance to cover submitting and making payments for the following accounting for tax (AFT) returns:

  1 April 2020 to 30 June 2020 (filing and payment deadline 14 August 2020)
  1 July 2020 to 30 September 2020 (filing and payment deadline 14 November 2020)

  If administrators are unable to submit AFT returns and make payments by the deadline because resources are affected by COVID-19 and penalties or interest relating to one of these quarters are received, HMRC will cancel them in these circumstances. Administrators will need to send an email to pensions.businessdelivery@hmrc.gov.uk with 'AFT return – Pension Schemes Newsletter 121' in the subject line of the email.

- notification that the temporary changes to various pension processes as a result of COVID-19 outlined in the previous three newsletters have now been extended until the end of October 2020. The newsletter provides more information on the temporary changes impacted by this extension.

- a reminder that to make amendments to payroll data submitted by Real Time Information (RTI), a Full Payment Submission (FPS) should be used instead of the Earlier Year Update (EYU) for amendments for the tax year ending 5 April 2021 and beyond. Administrators should ensure that their IT systems and processes accommodate the change.

PLSA publishes guide on GMP equalisation

The Pensions and Lifetime Savings Association (PLSA) has published a guide to help DB occupational scheme trustees prepare for and begin their GMP equalisation project. The "Made simple" guide summarises a number of key points - including the history of GMP, the different methods of equalisation, who is affected by GMP equalisation and the next steps trustees should consider with their administrators.

FCA publishes policy statement on DB pension transfers

The Financial Conduct Authority (FCA) has published a policy statement as part of a package of measures providing rules and guidance on pension transfer advice, which focuses on defined benefit (DB) to defined contribution (DC) transfers. The rules include banning contingent charging – where advisers are only paid if a transfer goes ahead, as this can create a conflict of interest. As part of the advice process firms will be required to consider an available workplace pension scheme as a receiving scheme for a transfer. Advisers will also now be allowed to provide a short form of advice which will help members access advice at a more affordable cost. The short form of advice can only result in a recommendation not to transfer or a statement that it is unclear whether a member would benefit from a pension transfer without giving full advice.

Most changes come into force on 1 October 2020, with a few exceptions including the use of estimated transfer values for providing provisional advice in limited circumstances which came into force on 15 June 2020.

TPR news

Guidance on COVID-19 – Defined benefit schemes funding and investment

The Pensions Regulator (TPR) has published updated guidance for pension scheme trustees of DB schemes on dealing with financial issues resulting from the COVID-19 pandemic.

The updates include further guidance for trustees of DB schemes facing employer requests to suspend or reduce deficit repair contributions and making difficult decisions. In certain circumstances trustees may be able to agree to these requests when it is necessary to support sponsoring employers managing the challenges resulting from COVID-19. The guidance now states that trustees should resume reporting certain key information to TPR - such as any breaches of their transfer obligations, to ensure that risks are being managed and members are protected.

Reporting duties and enforcement activity

A recent update on the previously announced easements for reporting duties and enforcement activity includes confirmation that, from 1 July 2020, TPR's reporting requirements will resume as normal.

One exception to this is for the temporary change for the reporting of the late payment of contributions (other than deficit repair contributions). Due to the challenging environment for employers, TPR is currently asking trustees to report late contribution payments at 150 days late, rather than the 90 days, in the circumstances set out in TPR Code_of_Practice_5. This position will be reviewed again at the end of September 2020.

The update also provides information relating to any delay in producing a chair's statement, the review of a statement of investment principles or preparation of audited accounts.

Guidance on DB superfunds

TPR has published guidance for those setting up and running a 'DB superfund'. It sets out the standards TPR expects to be met in the interim period before a longer term legislative authorisation framework is in place. The guidance also includes:

- an explanation of what a superfund is and why they require specific guidance
- TPR's expectations regarding various aspects including governance
- systems and processes, and
- superfund financial sustainability and capital adequacy

Corporate plan 2020-2021

TPR has published its corporate plan 2020-2021 setting out its priorities for the next twelve months adapted to reflect the economic impact of COVID-19 in the current pensions environment. It added that any expected regulatory initiatives paused due to the pandemic would restart at the appropriate time.

The regulator notes the importance of working with key government and regulatory partners such as the Department for Work and Pensions, HM Treasury, the Pension Protection Fund, the Financial Conduct Authority and Money and Pensions Service to achieve its twelve month targets.