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

Finance Act 2022 receives Royal Assent

The Finance Act 2022 received Royal Assent on 24 February 2022 and, as expected, includes provisions relating to:

- the increase in the normal minimum pension age (NMPA) from age 55 to 57 from 6 April 2028, except for certain 'uniformed services pension schemes' (such as the firefighters', police and armed forces pension schemes) which will be exempt. Right to an earlier minimum pension age of not less than age 55 will be protected for members of schemes before 4 November 2021 with rules providing an unqualified right to take benefits before age 57 as at 11 February 2021, and such protection will be retained following a transfer (both individual and block transfers) provided certain conditions are met
- extension of the usual deadlines for a member to ask the scheme to pay an Annual Allowance tax charge (Scheme Pays), and for the scheme to report and pay the tax to HM Revenue & Customs (HMRC), in cases where there has been a retrospective change of facts from the employer that affects the member's Annual Allowance position for any of the previous six tax years

Draft Scheme Pays regulations

HMRC has published a technical consultation seeking views on draft regulations supporting the Scheme Pays changes being introduced through the Finance Act 2022.

Changes to HMRC's Provision of Information regulations will establish a process starting with the employer providing information to the scheme to allow the member's pension input amount (the amount of Annual Allowance used up) to be calculated correctly for any of the previous tax years. This, in turn, will trigger the extension to the Scheme Pays deadlines.

It is intended that the new legislation will take effect from 6 April 2022.

State Pension age review – call for evidence

A call for evidence has been published in relation to an independent report required as part of the second review of the State Pension age (SPA) (see PATHways 131). The report will make recommendations to the Government on what metrics should be considered when setting the SPA in future.

Update to TPR climate-related guidance

The Pensions Regulator (TPR) has produced a step-by-step example as an Appendix to the guidance published in December 2021 on dealing with the climate-related governance and reporting requirements (see PATHways 131). This example provides information on the approach impacted trustees might decide to adopt when implementing the steps needed to comply with the recent regulations.

HMRC Pension schemes newsletter 137

HMRC has published Pension schemes newsletter 137, which includes the following information in relation to the Managing Pension Schemes (MPS) service:

- the facility to migrate pension schemes on to the MPS service will be released on 11 April 2022 - scheme administrators must be enrolled on the MPS service before migrating their schemes
- schemes that wish to submit an Accounting for Tax (AFT) return for the quarter from 1 January 2022 to 31 March 2022 will need to migrate in time to meet the filing deadline of 15 May 2022
- the facility to bulk upload data to assist compiling AFT returns will be available from 11 April 2022
- from 14 March 2022, AFT returns will not be able to be submitted using third party software
- a pension scheme practitioner who files AFT returns on behalf of a scheme administrator must enrol on the MPS service and will be able to submit any returns after the scheme has been migrated
- payments relating to AFT returns should, for a 'short period of time' after 14 March 2022, be made using the relevant charge reference, rather than the Pension Scheme Tax Reference (PSTR) number
- scheme administrators who do not currently have access to schemes registered before 6 April 2006, because they do not have the PSTR number for the scheme, should notify HMRC so that the scheme appears on the list of schemes available to migrate

AE parameters remain unchanged for 2022/23

The Government has completed its annual review of the automatic enrolment (AE) earnings thresholds. The Earnings Trigger determines the level of earnings required before a worker is eligible to be automatically enrolled into a relevant workplace pension scheme, while the Qualifying Earnings Band is used to set the minimum contribution levels.

For 2022/23, the Earnings Trigger will remain at £10,000, and the lower and upper limits of the Qualifying Earnings Band will be frozen at the 2021/22 levels of £6,240 and £50,270 respectively.

Freezing the lower limit of the Qualifying Earnings Band means it will not be aligned with the Lower Earnings Limit for National Insurance Contributions (NIC) purposes for that tax year, unlike the Upper Earnings Limit for NIC purposes which has also been frozen.

New fixed rate of revaluation for GMPs

The Occupational Pension Schemes (Schemes that were Contracted-out) (No. 2) (Amendment) Regulations 2022 change the fixed rate of revaluation of guaranteed minimum pensions (GMPs) for members of pension schemes that were contracted out, who leave pensionable service on or after 6th April 2022, to 3.25%.

A response to the consultation has also been published.