

PATHways



Pension Administration Technical Help

Highlighting pensions news and legislation that has particular relevance to what we do in pension administration



HMRC - Lifetime allowance guidance newsletter

HM Revenue & Customs (HMRC) has published a [Lifetime allowance guidance newsletter](#) that provides some clarification on the intent of the removal of the Lifetime Allowance from 6 April 2024, under the Finance Bill 2023/2024. The guidance includes:

- pension commencement lump sums (PCLS) – the current treatment of a PCLS is broadly maintained. Limited to the lower of 25% of benefits taken or the member's remaining available lump sum allowance (LSA) or lump sum and death benefit allowance (LSDBA), when they become entitled to the lump sum. The standard LSA is £268,275 which is 25% of the current Lifetime Allowance (LTA), and the standard lump sum and death benefit allowance is £1,073,100 - matching the current standard LTA.
- pension commencement excess lump sums (PCELS) – a new authorised lump sum and subject to the member's marginal rate of income tax. A PCELS is only available where all of a member's LSA has been used up and the total of the member's 'scheme pension capital value' exceeds their available LSDBA.
- trivial commutation lump sums (TCLS), winding-up lump sums (WULS) and small lump sums – the newsletter confirms that payment of any of these lump sums will not reduce a member's available LSA or LSDBA. Although, to be entitled to a TCLS or WULS payment, a member must have all or part of their LSA available. The guidance also provides an example calculation to clarify how crystallised rights should be valued for the purposes of assessing a member's entitlement to a TCLS.
- Overseas transfer allowance (OTA) – the introduction of an OTA of £1,073,100 in relation to transfers to a QROPS, with any such transfer value exceeding this allowance being taxable at 25%.
- Information is also provided in relation to the payment and reporting of PAYE tax, new Scheme Administrator reporting requirements, the operation of LTA protections and enhancements, and transitional arrangements.

TPR - updated guidance on cyber security

The Pensions Regulator (TPR) has updated its [guidance](#) on cyber security to help trustees meet their duties to assess risk, ensure controls are in place, and respond to incidents. TPR is requesting that trustees report significant cyber incidents as soon as reasonably practicable so the Regulator can build a better picture of the cyber risk facing the industry and its members.

Pensions Dashboards developments

PASA issues connection readiness dashboards guidance

Pensions Administration Standards Association's (PASA) Pensions Dashboards Working Group has published its initial [connection readiness guidance](#). This guidance aims to assist industry providers and scheme trustees consider what it means for a scheme to be "connection ready" and to help ensure effective planning and delivery of all key activities to support connection readiness. The document presents this as five "key pillars" and also includes a sample project delivery plan. A [call to action](#) has also been published by PASA, outlining why schemes should start to take action now towards connection.

PDP publishes dashboards blogs

The Pensions Dashboards Programme (PDP) has published blogs focussing on [recent queries about pensions dashboards](#) and [looking back on 2023](#).

The first blog includes an update in relation to when PDP currently expects to publish the final dashboards standards, some information on the different types of testing that will be used and a response to a question on when the dashboards available point will be.

The second blog provides a short overview of some of the PDP's activities in 2023, under the headings of Timeline, Connection and Engagement. This blog also looks ahead to 2024, briefly mentioning the connection dates guidance, dashboards standards and testing.

TPO news

Recovery in overpayment factsheet

The Pensions Ombudsman (TPO) has published a [factsheet](#) to provide guidance on how overpayment recovery disputes should be managed, including summarising the process that trustees should follow to apply to the County Court. It follows a [Court of Appeal judgement](#) that TPO is not a 'competent court'. In response to the ruling, the Department for Work and Pensions is supporting legislative changes to empower TPO to bring an overpayment dispute to an end without the need for a County Court order.

Corporate plan 2023-2026

TPO has also published its [corporate plan for 2023-2026](#), which outlines its strategic goals over the next three years, including reducing waiting times and finding and embedding new ways of working to gain further efficiencies.

PASA publishes updated jargon buster

PASA has published an updated [Digital Administration Jargon Buster](#), which includes several key technology terms and their relevance to pensions, focussing on Generative Artificial Intelligence and Large Language Models. Since this was drafted PASA has informed that there have been several new models, advancements and regulatory updates and that they will provide further updates to the guidance during 2024.

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