

Key pension dates and deadlines – are you ready?

Alert | 12 March 2018



Introduction

As has become customary for the pensions industry, April heralds a number of changes, and 2018 is no exception.

Key dates

- **1 April 2018:** TPAS' dispute resolution function moves to TPO
- **5 April 2018:** Expiry of power to remove protected rights provisions
- **6 April 2018:** [Mandatory increases to automatic enrolment contribution rates](#)
[Scottish Budget tax band changes due to take effect](#)
[Lifetime allowance starts to be indexed by CPI](#)
[Financial Assistance Scheme long service cap increase to be implemented](#)
Changes to the requirement to take appropriate independent advice
Disclosure of DC costs and charges measures
Bulk transfer changes
New employer debt option
Measures to tackle fraudulent schemes

TPAS' dispute resolution function to move to TPO

[TPAS' dispute resolution function is moving to TPO](#), with the transfer due to be completed by 1 April 2018.

The transfer is intended to “simplify the customer journey” by allowing customers to access all pension dispute resolution, whether pre- or post-IDRP, in one place. TPAS will continue to focus on providing pension information and guidance, and will become an integral part of the new [Single Financial Guidance Body](#).

Once the transfer is complete, schemes should ensure that their documentation and member communications signpost the new services correctly.

Expiry of power to remove protected rights provisions

Contracting-out on a DC basis (protected rights) was abolished in 2012. Trustees have until 5 April 2018 to make use of a legislative easement which allows them to pass a resolution to remove provisions relating to protected rights from their rules (as they were not removed automatically). Such amendments may be made retrospective to 6 April 2012. See our [Alert](#) for details.

Requirement to take appropriate independent advice

The current process for assessing whether a member is subject to the requirement to take “appropriate independent advice” (“AIA”) can cause difficulties where a member has safeguarded-flexible benefits (DC benefits with a form of guarantee, such as a guaranteed annuity rate). This is because the method for valuing the member’s safeguarded benefits for the purposes of the AIA requirement differs from the method used to calculate their transfer value. Changes to this process, which will come into force on 6 April, will align the calculations.

The DWP has published [guidance](#) covering the new requirements, which also include:

- sending tailored communications (personalised risk warnings) to members with safeguarded-flexible benefits who are considering transferring or converting their benefits to pure DC
- making arrangements to inform members who are affected by the change in the valuation methodology.

See our [Alert](#) for details.

The guidance makes clear that DB schemes that provide transfer values on a “higher than best estimate” basis will also (from 6 April) need to disregard any increase over the corresponding “best estimate” value, for the purpose of determining whether members are required to seek financial advice. Schemes will still be able to offer transfer values on a more generous basis, but must determine whether advice is required by reference to the lower (best estimate) valuation.

Disclosure of DC costs and charges measures

The contents of the Chair’s annual governance statement will be extended, in relation to costs and charges, for a scheme year ending on or after 6 April 2018. See our [Alert](#) for details.

Trustees will also be required to make certain information from the statement publicly available on the internet, free of charge, within seven months of the first scheme year end date to fall on or after 6 April 2018. Scheme members must be provided with the web address in their annual benefit statements.

Bulk transfer changes

DC bulk transfers

Recognising that the drafting of the current legislation was causing problems in practice, the DWP are simplifying requirements for DC bulk transfers without consent. On and from 6 April 2018 it will be possible to make a bulk transfer without consent from an occupational DC scheme:

- to an authorised master trust (which, by definition, will have to meet prescribed minimum standards in respect of governance and financial sustainability, see our [Alert](#) for details)

- to a “connected scheme” (for example, to facilitate scheme consolidation on a corporate restructuring)
- to an occupational scheme, provided that the transferring trustees have obtained and considered written advice in relation to the transfer from a “suitably qualified professional” who is “independent” of the receiving scheme.

DB bulk transfers of contracted-out rights

New regulations will also enable bulk transfers of contracted-out (salary-related) rights to take place without member consent, in certain circumstances, to schemes that have never been contracted-out.

New employer debt option

Provided certain conditions are met, on and from 6 April 2018, an employer in a multi-employer DB scheme will be able to defer the requirement to pay an employer debt on ceasing to employ an active member, via a “[deferred debt arrangement](#)”. This option will sit alongside the current options for managing employer debt. See our [Alert](#) for details.

Measures to tackle fraudulent schemes

Following the Chancellor’s November Budget, the latest [Finance \(No.2\) Bill](#) includes:

- new powers for HMRC to register and deregister certain pension schemes “to tackle scams and fraudulent schemes”
- powers for HMRC to refuse to register master trusts not authorised by TPR, or occupational pension schemes whose sponsoring employer has been a dormant company for a continuous period of one month.

In relation to master trusts, changes to the Finance Act 2004 will allow HMRC to align the pension scheme tax registration process with TPR’s authorisation and supervision regime for master trusts under the [Pensions Schemes Act 2017](#).

The measures are intended to come into force on 6 April 2018.