



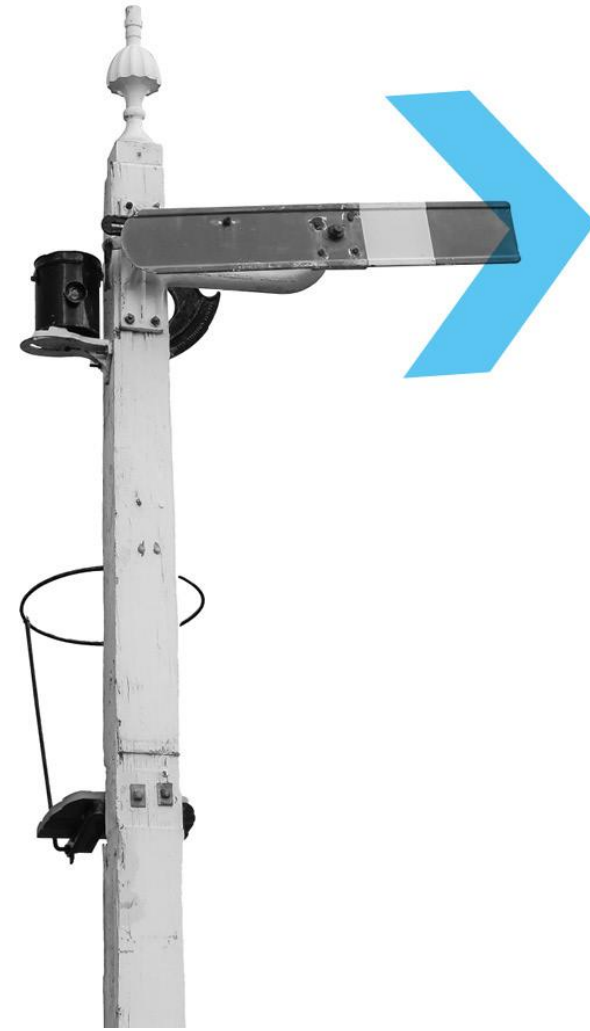
Pensions policy - all change?

Pensions Conference 2023

Thursday 30 November 2023

London | 09:00am GMT

[#PensionsUK](#) [#AllChange](#)



Legal and policy update

Definitely, maybe!



Tim Smith

Professional Support Lawyer



Agenda

Legal and policy update



- Autumn statement

- Abolition of the lifetime allowance

- Case law update

- Other developments to look out for

Autumn statement



Autumn Statement

Pensions–related announcements



Tax

- Abolition of LTA
- Reduction of surplus repayment charge
- Modernising relief at source

DB

- 100% PPF compensation
- Public consolidator

Investment

- LGPS consolidation
- LIFTS initiative and new Growth Fund

DC

- DC consolidation
- Lifetime provider
- Small pots solution
- Value for money framework
- Decumulation duties
- Master trust review

CDC

- Expanding the use of collective DC

Other

- Trustee skills and expertise
- Triple lock

Autumn Statement

What was said?



Abolition of LTA

- ❑ From 6 April 2024
- ❑ Updated HMRC policy paper (including details of reporting requirements and transitional measures)



Return of surplus

- ❑ Authorised surplus repayment charge to be reduced to 25% from 6 April 2024
- ❑ Consult on modifying rules on return of surplus
- ❑ Consult on offering 100% PPF protection



Public consolidator

- ❑ Consult on PPF acting as public consolidator
- ❑ Aimed at smaller DB schemes
 - ❑ To be established by 2026



Small pots

- ❑ Multiple default consolidator model
 - ❑ Clearing house
- ❑ Pots below £1,000 / inactive for 12 months
 - ❑ Industry delivery group



Lifetime provider

- ❑ Call for evidence launched
- ❑ Enabling individuals to choose where their workplace pension contributions are paid
- ❑ Parallels with Australian 'stapling'

What can we expect to happen?

Legal and regulatory developments

Definitely

- **LTA abolition** – 6 April 2024
- **Reduction in surplus repayment charge** – 6 April 2024
- **New funding regime** – Regs by 6 April 2024; Code in the Autumn
- **General Code**

Maybe

- **Extension of AE**
- **Expansion of Collective DC**
- **DC decumulation duties**
- **Reform of rules on surplus**
- **VfM framework**
- **Pension dashboards**

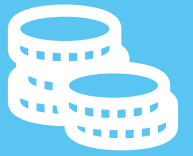
Potentially

- **Public consolidator** – by 2026?
- **100% PPF protection**
- **Small pots solution**
- **Lifetime provider**
- **Reintroduction of LTA**

Abolition of the lifetime allowance

Practical implications



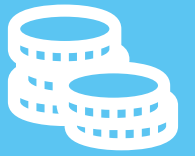


Lifetime allowance
(LTA) tax charge
disapplied from
6 April 2023

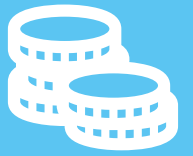
LTA due to be
abolished from
6 April 2024
(‘L-Day’)

Material changes to
UK pensions tax
regime

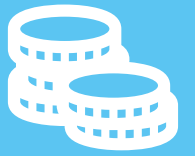
Final legislation
awaited



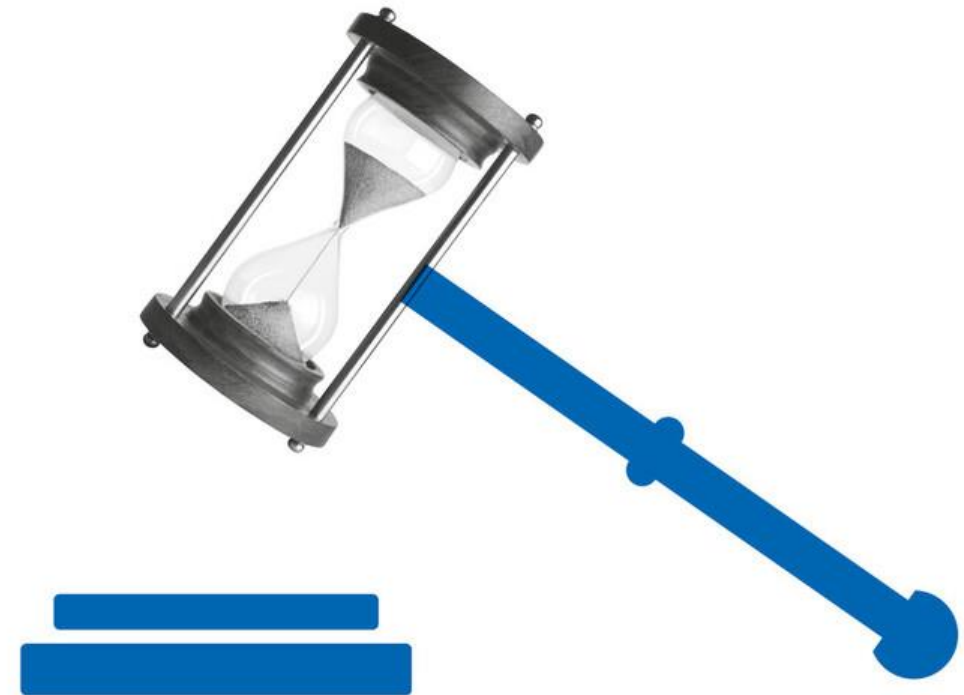
- ❑ Benefits and savings no longer subject to the LTA
- ❑ Benefit crystallisation events replaced with **'Relevant benefit crystallisation events'**
- ❑ Lump sums and death benefits subject to income tax, unless exemption applies
- ❑ Two new allowances to limit tax-free element of lump sums
 - **lump sum and death benefit allowance - £1,073,100**
 - **lump sum allowance - £268,275**
- ❑ Recipient to pay income tax at their marginal rate on excess
- ❑ Allowances may be enhanced where an individual has LTA protection

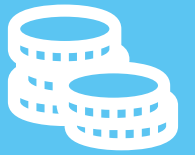


- **HMRC's updated policy paper (22 Nov 2023) confirms :**
 - maximum amount payable as a **PCLS** and maximum tax-free element for an **UFPLS** will remain at **£268,275**, unless protections apply
 - as a result, final legislation will allow an individual to take a '**pension commencement excess lump sum**'
 - no change to tax treatment of funds paid to a beneficiary through a drawdown vehicle or by purchasing an annuity where member dies before age 75 with uncrystallised funds in a DC arrangement
 - schemes will be required to report to HMRC where payment of relevant lump sum or death benefit leads to new allowances being exceeded
 - when a RBCE occurs, schemes will be required to issue a statement informing member how much of their allowances have been used up
 - new allowances may need to be adjusted to reflect benefits taken pre-6 April 2024

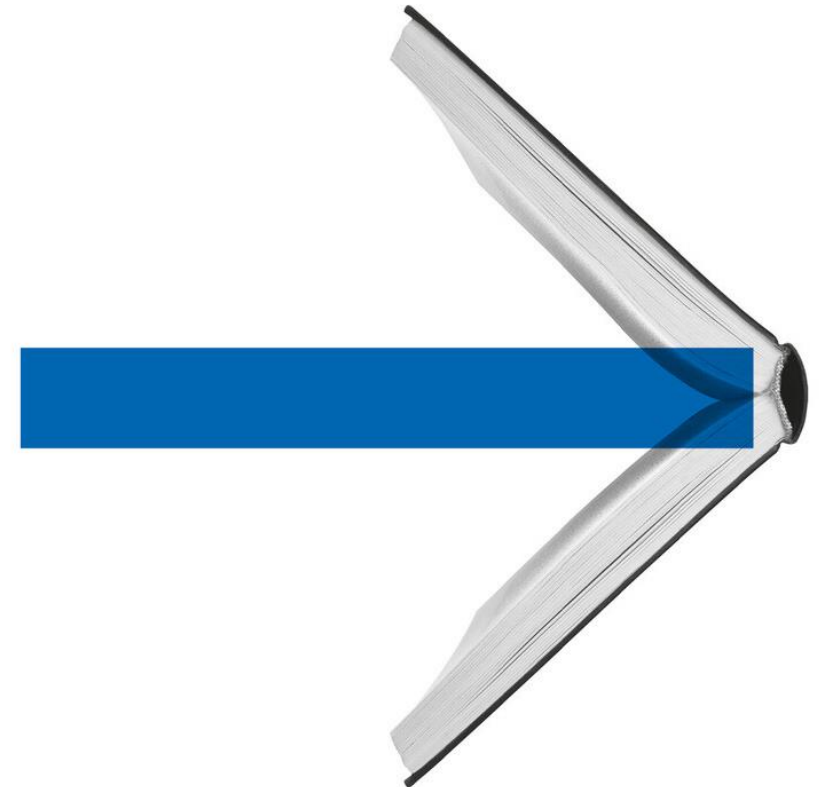


- ❑ Schemes need to:
 - update administration systems and processes
 - update processes for paying lump sums and deducting income tax
 - update member communications (including retirement packs)
 - amend scheme rules
 - LTA benefit caps
 - eligibility criteria
- ❑ Employers also need to:
 - consider impact on LTA 'top up arrangements' / payments in lieu





1. Establish project team
2. Speak to your administrators and service providers
3. Assess impact on your scheme rules and member comms



Case law update





- ❑ Court of Appeal confirmed the Pensions Ombudsman (TPO) is not a “competent court” for purposes of s.91(6) Pensions Act 1995
- ❑ Where trustees are seeking to recoup overpayments – and there is a **dispute** as to the amount or rate of recoupment – they will not be able to rely on a determination of TPO before applying recoupment
- ❑ Trustees will need to deliver a certified copy of TPO’s determination to the County Court, which will then make an order reflecting TPO’s findings

Other developments



Other developments

What else to look out for?



- ❑ Virgin Media appeal

- ❑ New corporate transparency requirements
 - new director ID verification and filing requirements
 - restrictions on corporate entities acting as directors

- ❑ TPR Guidance on DC decumulation





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