

Pension Protection Fund Levy

The PPF announced that the Levy rules and basis of calculation will be unchanged for the 2014/2015 Levy year.

Marriage (Same Sex Couples) Act 2013

From 13 March 2014 same sex marriages are now recognised by Law. The Trustees will need to decide how they will treat a surviving spouse of a same sex marriage and review the benefits that would be provided by the Scheme. The Trustees may also need to review and amend the Scheme Rules.

Lifetime and Annual Allowances

With effect from the tax year 2014/2015 changes to members' standard lifetime and annual allowances came into effect. The annual allowance was reduced to £40,000 (from £50,000) and the lifetime allowance reduced to £1,250,000 (from £1,500,000). It is the members' responsibility to monitor the value of all their pension arrangements to ensure that they do not exceed these limits.

Finance Act 2014

Announced by the Chancellor in the Budget and receiving Royal Assent on 17 July 2014;

- Increase in the trivial commutation lump sum limit from £18,000 to £30,000 with effect from 27 March 2014

This allows the member to receive a lump sum payment in lieu of his benefits within the Scheme if:

the member is aged over 60; and

the Scheme Rules allow trivial commutations; and

the value of **all** of the member's lifetime pension arrangements total less than £30000.

- Increase in the "small pots" limit from £2,000 to £10,000 with effect from 27 March 2014.

This allows a member to commute benefits within a scheme where the value does not exceed £10,000. The 'small pots' commutation does not need to take into account any other benefits the member may have with any other pension arrangement.

- Increase in the capped drawdown limit from 120% to 150% with effect from 26 March 2014
- Reduction in the minimum annual income requirement for flexible drawdown from £20,000 to £12,000

The York Hadleigh Group

Registered Office : 1663-1669 London Road, Leigh on Sea, Essex, SS9 2SH Tel : 01702 480400 Fax : 01702 481700 E-mail : mail@fbayh.com

The York Hadleigh Group consist of the following independently owned Companies providing specialist services

Foden Baynes Associates Limited Registered in England: 3937873

York Hadleigh Limited Registered in England: 4422005

FBA Actuarial Services Limited Registered in England: 05406551

Alfa Trustees Limited Registered in England: 02826804

Pensions Act 2014

Having received Royal Assent on 14 May 2014, the main provisions of the Act are:

- The introduction of single-tier State Pension for those people who reach State Pension Age ("SPA") after 6 April 2016. The single-tier pension will replace the current basic and additional State Pensions.

This will effectively end contracting-out for defined benefit schemes and will result in both employers and employees paying full rate national insurance contributions.

Additionally employers will be allowed, without the Trustees consent, to increase the members' pension scheme contributions or restrict their future benefits to offset the increase in the employer's national insurance contributions.

- The provision for pensioners who reach SPA before 6 April 2016 to pay voluntary national insurance contributions (Class 3A) to top up their additional State Pensions.
- To change the SPA from 66 to 67 between 2026 and 2028 and for the SPA to be reviewed periodically thereafter.
- To introduce the Bereavement Support Payment to replace and simplify the existing bereavement benefits payments system.
- The introduction of the Automatic Transfer system to allow individuals to transfer their smaller pension pots from previous employments to their new employer's pension arrangement. This is to help members consolidate their smaller pension benefits into fewer arrangements.
- Clarification of technical issues and existing powers in relation to automatic enrolment.
- The introduction of powers for the Government to set minimum standards of pension scheme governance and administration. Additionally the Act introduced powers for the Government to restrict high and unfair charges on occupational pension arrangements.

Pensions Liberation

The Regulator re-launched its campaign in July 2014 to raise the awareness of all professional parties within the pensions industry of pension 'liberation scams.'

The Regulator expects the Trustees to be aware and have sufficient knowledge to stop a transfer being received from or paid to a pension liberation arrangement.

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Fit and Proper Persons

From 1 September 2014 legislation was introduced to allow HMR&C to de-register a Scheme where they believe that the administrator of that Scheme is not a 'fit and proper person.' The term 'administrator' includes the Trustees, Company officials, Scheme Providers and anyone who has access to and can influence the administration processes of the Scheme.

The introduction of this legislation was primarily for the purposes of making it harder for pension liberation arrangements to be set up and for existing arrangements to be used for tax avoidance and to abuse pension tax reliefs.

Taxation of Pensions Act 2014

This Act will bring in new legislation regarding the transfer of drawn-down funds, overseas schemes, new flexible annuity rules and new reporting requirements.

Although this Act received Royal Assent in December 2014 it is still undergoing further discussion and awaiting further guidance from HMRC. YHG will keep the Trustees informed of further developments once HMRC publish their further advices.

Gill Baynes (Director)

Disclaimer

The information given within this newsletter is based upon our understanding of legislation. It does not constitute legal or financial advice. This is information and not advice and therefore, we cannot accept responsibility for any disadvantage arising from action taken as a consequence of this newsletter.*

***we" shall constitute the York Hadleigh Group, Foden Baynes Associates Limited, FBA Actuarial Services Limited, York Hadleigh Limited, Alfa Trustees Limited and Windsor Actuarial Consultants Limited plus and including all subsidiaries, Directors and employees.*

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