



leading on tax incentivised savings

Pensions Briefing

Thursday 11th February 2010



What We'll Be Looking At:

- Changes to high-rate relief and forward effects
- Anti-forestalling and the PBR changes
- Auto-enrolment and NEST progress, and Plan B
- Some strategic implications for retirement planning
- Policy lines and options for reform
- Regulatory developments
- Corporate Wrap



What This Briefing Will Be...

- Interactive
- Peer to peer
- Strategic

...and won't be

- Technical
- Narrow focus
- Boring



Changes To Higher Rate Relief

- From April 2011 - probably
- Sliding scale now above £130K, effectively
- But 50% tax rate from 2010
- ...and loss of personal allowance over £100K
- A tax planner's playground!
- Proposals inoperable by DB community



Changes To Higher Rate Relief – Winners And Losers

Losers

- Those on £130K +
- Those seeking simplicity
- Those making large, irregular contributions
- Employer DB contributions

Winners

- Those on £100K +
- Tax Planners
- Workplace Saving

Unaffected

- Most people



Anti-forestalling Measures

- “Planning blight”
- “Regular contributions”
- £20k (now £30k) limit
- Now £130k



Changes to higher rate relief

- Market effects?
- Probably not good news for SIPP market...
- ...or individual pensions...
- ...or higher earners: disengagement...
- ...or DB schemes
- The search for alternatives is now on: Corporate ISA



Auto-Enrolment

- Recent DWP consultation
- Procedures are better...
- ...but still very complex
- Delay to full roll-out
- “Equivalence” still unclear
- Auto-enrolment should be possible **now!**
(Assuming we think pension saving is a good idea)



Personal Accounts – now NEST - Progress

- A massive project
- Scheme administration contract now a one-horse race – is this credible?
- “How’s my consulting...?”
- PADA team able and popular
- Political and other risks
- How we’ve been engaged - UPDATE



Personal Accounts – Progress 2

- Likely opt-out rates remain unclear, but probably high
- Means tested retirement benefits remain an issue – **NOW**, and for all pension saving
- Impacts from the wider economy
- Personal Accounts/NEST will become the “benchmark”



So What Does All This Mean? Possible Implications...

- Tax relief changes attack important principles and row back from “A” Day
- Huge new complexity: disengagement of higher earners
- Personal accounts will introduce further downward price pressure on pensions/investments
- No margin for advice
- 2012 – the film or the market?



Possible Implications...

- Questioning “pension” savings?
- New ISA limits: £10,200 **EACH**
- The return of Life insurance saving?
- And what about collectives/direct equity?
- Or investment bonds?
- Or VCT’s?
- Or buy-to-let?
- A new pension structure for this century?
- The Centre for Retirement Reform



The Pensions Regulator

- Job creation?
- Focus now on DC
- Including contract-based: governance
- Now consulting on scheme data standards
- Great news for data cleansing firms



Corporate Wrap and Distribution

- The new kid on the block, or.....
-an idea in search of a market?
- B2B or D2B?
- The impact of RDR on distribution – consultancy charging
- “It’s a lovely day tomorrow....”
- Interface with NEST?



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Thank You

Malcolm Small

Director of Portfolio & Retirement Planning

Mobile: 07989 500 771

malcolm.small@tisa.uk.com

TISA (Tax Incentivised Savings Association)
Dakota House 25 | Falcon Court | Preston Farm Business Park | STOCKTON-ON-TEES | TS18 3TX