

RETIREMENT ROUNDUP

TISA'S RETIREMENT NEWSLETTER



Retirement issues dominate the personal finance news agenda and are set to continue to do so as 2017 brings a number of major pension reviews and consultation outcomes, while speculation around the more traditional areas such as tax relief seems to be ever present. Our inboxes are bombarded with articles and updates every day, so we thought we'd 'cut to the chase' by creating this regular digest of some of the more important ones, whilst at the same time providing an update of what's coming up in the industry and within TISA. We hope you find it useful, please do give us your feedback and do let us know if you have colleagues who would benefit from receiving a copy.

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In the News

The Pension Schemes Bill

The Public Bill Committee has now completed its work and has reported the Bill with amendments to the House, and is no longer able to receive written evidence. The Bill will next be considered at Report Stage, and Third Reading. The date for remaining stages has not yet been announced.

Amendments can be made to the Bill at Report Stage. Amendments to be considered are selected by the Speaker.

The Bill sets out a new authorisation and supervision regime for Master Trusts, following the rise in the number of these and the concerns around the sustainability of certain schemes. The clause to include a 'Scheme funder of last resort' has been removed as consensus is this is a low risk scenario and there are already adequate measures in place.

GAD Table Update

Extended GAD tables have been published by HMRC which now sees the inclusion of Gilt yields down to 0%. For those in Capped Drawdown at their triennial review, their maximum income will, in part, be dependent on the Gilt Yield that is in force for the month of the review. The higher the yield, the greater the maximum Capped amount that can be taken in an income year. Yields have been below 2% for several months, however currently, the maximum income will not be affected due to the 2% ceiling. From 1 July 2017 (originally 6 April 2017) that ceiling disappears, meaning any yield below 2% will result in a reduced maximum capped income.

Advising on Pension Transfers

New guidance issued by the FCA, sets out its expectations for advisers who are recommending transferring a DB scheme or other scheme with safeguarded benefits. The characteristics of the assets in which the client will be investing and the likely returns generated need to be considered when undertaking a comparison during the analysis process. It is not good enough to just use generic assumptions and critical yields must consider the expected returns from those assets.

Pension Freedom access hits new 3 month high

The number of flexible payments taken over a 3 month period has continued to rise since the freedom introduction. From October—December 2016, this has now risen to 393,000 flexible payments made to 162,000 individuals, with a value of £1.6 billion. That equates to an average payment of just over £4,070.

DC membership exceeds DB for the first time

The TPR annual DC Trust report shows memberships in DC schemes of around 14.8 million compared to 11.7 million in DB. This illustrates the impact that Auto Enrolment has had within the market.

Pension Advice Allowance increases to £1,500

Following consultation, the government has announced a new authorised payment for up to £500 to be withdrawn from a pension pot to put towards the cost of pension or retirement advice. The allowance, which will have no age restrictions, will be limited up to £500 per use, with individuals permitted to use it three times in their lifetime but no more than once in a tax year. DC and hybrid schemes incorporating a money purchase or cash balance element will be able to offer this payment option should they choose. It will come into force from April 2017 and a three week technical consultation has been released on the draft regulations.

FCA Data Bulletin

The FCA have recently published their latest Data Bulletin which provides FCA Contact Centre insights and details of current trends in the retirement income market. Please [click here](#) to view.

Pensioners better off than Workers

A report issued by the Resolution Foundation has concluded that pensioners are now £20 a week better off than those of working age. The growth in pensioner income has come from a number of sources including salary due to working for longer, private pension provision, increased public benefits and investment income. This ignites once again the question of whether the 'triple lock' should be scrapped.

In Store for 2017

State Pension Age Review

An independent review undertaken by John Cridland CBE. The report considers a wide range of items that need to be considered when looking at future State Pension Age arrangements. It will not cover existing arrangements in place up to April 2028. The consultation paper ran until December 2016. The review required submission to the Secretary of State by January 2017. This report will be laid before Parliament and will inform the Secretary of State's final report on the outcome of the State Pension age review, which must be published before 7 May 2017.

Auto Enrolment Review

To ensure that Auto Enrolment continues to be successful and to meet the needs of savers, a review will be carried out in 2017. We understand bringing the Self-Employed into the AE arena will be looked at as part of this review. The Government has announced details of an expert advisory group that will support the review. Policy recommendations are due to be published towards the end of the year.

Budget

The final Spring Budget will take place on 8 March 2017. Budgets will then take place annually in the Autumn. Pensions did not feature significantly in the Autumn statement but we wonder if the Chancellor will use this opportunity to look at Pension Tax Relief once more?

TISA NEWS

Retirement seminar

Robo—Pensions: The Digital Revolution 24th May 2017

Join us as we consider evolving digital advancements in consumer engagement and question whether a proactive approach or inertia leads to the best outcomes. For further details and to book, [please click here](#)

Consultation Responses

Reducing the MPAA: Submitted Monday 6th February

All our members agree that the proposal needs to be reworked, with a deferral (mooted by us and other members) being a sensible approach allowing further industry consultation. To read the article, [please click here](#)

To read TISA's response to this consultation [please click here](#)

Pension scams: Submitted Friday 10th February

Many of our members have pushed for greater consumer education on scams so we were delighted to see the press picking this up. To read the article, [please click here](#)

To read TISA's response to this consultation [please click here](#)

Implementing information prompts in the annuity market: Submitted Thursday 23rd February

Retirement Technical & Policy next meetings

Technical Committee: 15th March 14:00-16:00
L&G, One Coleman St, London

Policy Council: 21st March 10:30-12:30
Standard Life, The Gherkin, London

TISA members have access to the Retirement Technical helpdesk, where we are happy to provide responses to technical queries and liaise with the appropriate bodies to resolve regulatory gaps.

They also have the opportunity to join the Retirement Technical Committee and Policy Council, where we look to resolve industry issues and help shape the future of UK Retirement in line with our manifestos. Additional working groups are set up to deal with specific areas of interest and importance, the latest being the 2017 Automatic Enrolment Review working group.

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Any questions?

If you have any queries or comments on the Roundup, please email renny.biggins@tisa.uk.com