

# RETIREMENT ROUNDUP

TISA'S RETIREMENT NEWSLETTER



Welcome to the latest edition of Retirement Roundup. 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.

Renny Biggins — TISA Pensions Technical Officer

## In the News

### The Pension Schemes Act 2017

The Bill received Royal Assent on 27 April 2017 with a primary objective of the increased regulation of Master Trusts. TPR will be given greater powers to ensure that authorised schemes meet the relevant standards. Much of the detail is still to be agreed, so schemes can only speculate on what will be implemented later in 2018, however schemes should now be looking at the Act and gearing up for the new regime. We understand a consultation is due later this year with draft regulations issued in early 2018.

### The Finance Act 2017

The longest ever Finance Bill was issued on 20 March 2017, weighing as much as a baby Gorilla according to press articles. The snap election resulted in this being rushed through Parliament before it closed for business and it received Royal Assent on 27 April 2017. More than 70 clauses were put on hold until after the election, including the pensions advice allowance and the reduction in the MPAA. We are not sure when these will be implemented, however we believe it prudent to expect the MPAA for 2017/18 to be £4,000 and to hold that assumption until further clarification is forthcoming. The advice allowance is regarded by HMRC as a part payment of benefits and as such, if taken from a scheme containing scheme specific tax free cash, the enhanced lump sum is lost unless full benefits are also taken at this time.

### Pensions Dashboard

The prototype demonstration challenge sessions have now taken place with a high industry turnout. Technology has been proven and shouldn't be an obstacle to the 2019 go live date. However, areas such as governance, interoperability, data standards, authentication, participation rules and commercials need to be addressed. It will be interesting to see how the project develops in the next year.

### General Election 2017

As the June 8 election date draws closer, the political parties have been outlining their views on retirement within their manifestos. A number of TISA's key manifesto recommendations on pensions have been reflected in the Conservative Party manifesto. In particular, our calls to extend auto-enrolment, to develop a pension solution for the Self-Employed and to re-affirm pensions as the primary means of saving for later life have all been acknowledged. It was also pleasing to see the Liberal Democrats manifesto endorse our proposals for a single rate of tax relief for pensions, recognising how this would be simpler and fairer. Here we take a look at Retirement inclusions in the manifestos of the two main parties:

#### Conservative

- Triple Lock to remain until 2020, to be replaced with the Double Lock - rises in line with the higher of inflation or earnings
- SPa to reflect life expectancy increases, whilst protecting each generation fairly
- To continue the expansion of Auto Enrolment and also make it available to the Self-Employed
- Promotion of long-term savings and pension products including the LISA
- £100,000 of an individual's savings and assets will be ring-fenced from long-term care costs. All care payments can be deferred until death. It has since been stated that a consultation will be held, which will include a proposal to cap costs with an 'absolute limit'
- UK Sovereign Wealth funds known as Future Britain funds will be created, backing British infrastructure and the British economy. Early funds may be created from revenues from shale gas extraction, sales of public assets and dormant assets. Pension funds with an interest will be encouraged to invest
- TPR and pension schemes will be given increased powers and tighter rules will be put in place to safeguard members' pensions

#### Labour

- Triple Lock to remain in place throughout the next Parliament
- In addition to the commitment to extend Pension Credit to vulnerable women impacted by a change in SPa, further transitional protections will be explored
- The proposed increases in SPa are rejected. A new review will be commissioned with a focus on flexibility based on contributions, life expectancy and nature of work
- An intention to remove hidden fees and charges and the development of large pension funds
- An immediate review of the Mineworkers' and British Coal pension schemes' surplus sharing arrangements, although it is not clear whether this will increase the share of the government or scheme members.

### PS17/12 - Implementing information prompts in the annuity market

The policy statement was released on 26 May and sets out the response to feedback from CP16/37 which we responded to. The prompt will apply to all annuity sales (internal, open market and panel) and be in a prescribed format. Concerns around Guaranteed Annuity Rates and enhanced annuity eligibility are taken into account within the prompt. The deadline for compliance has been extended out to 1 March 2018. To read the document in full [please click here](#).

## TISA NEWS

### New Model Adviser Article - Hybrid Decumulation Options

We have seen a few decumulation hybrid products launched into the market since the dawn of pension freedoms, which makes for some interesting tax planning opportunities. Adrian Boulding looks at the Drawdown/Annuity relationship and how the best elements of both can now be combined in this New Model Adviser article [please click here](#).

### Conservative Party manifesto Roundtable

A TISA group met on 26 May at LV= London offices to discuss aspects of the manifesto relating to retirement. We will consider inclusions from the other manifestos' and look to run additional roundtables if required.

### Robo-pension seminar

This took place on 24 May at Hogan Lovells offices in London. It made for an interesting afternoon as delegates heard about the latest global digital enhancements in Financial Services and how this can be effectively managed to increase engagement and productivity. To view slides from the event, [please click here](#) and [here](#).

### Consultation responses

#### Security and Sustainability in Defined Benefit Pension Schemes: Submitted Friday 12 May

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

### Retirement Technical & Policy next meetings

**Technical Committee:** Tuesday 6 June 14:00-16:00  
Vanguard, The Walbrook Building, 25 Walbrook, London

**Policy Council:** Tuesday 20 June  
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.