

RETIREMENT

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

Money Purchase Annual Allowance

The second 2017 Finance Bill, which the Government has announced will be introduced in the autumn and as stated pre-election, will legislate for policies already announced, some of which apply from the start of the 2017/18 tax year. This includes the reduction in the MPAA to £4,000 and finally provides much sought after clarity.

The £500 income tax exemption to cover pensions advice provided to an employee is also included. For a full list of provisions please [click here](#).

The Pension Advice Allowance — wording change

This allowance allows £500 to be accessed over three separate tax years to help fund retirement advice. When originally drafted, the rules imply that if the withdrawal is made from a plan which has pre A-Day protections, unless the consumer accesses the rest of their pension rights at the same time, protections such as scheme specific lump sum rights could be lost. At the time, an HMRC spokesman said pre A-Day schemes were unlikely to offer the advice allowance. However, HMRC have now removed that rule and an update to the Pensions Tax Manual reads 'Incorrect wording inserted at last update (7 April 2017) re. effect of pension advice allowance payment has been removed.'

CP17/16—Advising on Pension Transfers

DB transfers are a hot topic. The current financial landscape has resulted in DB pension pots acquiring unusually high cash equivalent transfer values. Concerns that schemes will not be able to meet their long-term liabilities, combined with potential desires to flexibly access has resulted in high numbers of members transferring out of their DB arrangements into DC and losing the guarantees provided by their former scheme. In May 2017, TPR reported that as many as 80,000 individuals transferred out of their DB scheme in the last year.

An FCA paper has been issued, consulting on how advice should be provided to consumers. This includes an expectation of what elements should be included in the advice process, enhanced checking procedures and a change to the TVA requirement. We will be engaging with our members in order to formulate a response—the closing date being 21 September 2017. To read the full consultation please [click here](#)

Retirement Outcomes Review : Interim Report

The review looked at how the retirement income market is evolving since the pension freedoms were introduced in April 2015, with a particular focus on consumers who do not take advice. Some key findings include:

- Almost three quarters (72%) of pots that have been accessed are by consumers under 65. Most are choosing to take lump sums rather than a regular income
- Over half (53%) of pots accessed have been fully withdrawn - 90% below £30,000
- Over half (52%) of fully withdrawn pots were not spent but were moved into other savings or investments which can result in paying too much tax. Some of this is due to a lack of public trust in pensions
- Consumers who access their pots early without taking advice typically accept drawdown from their current pension provider without shopping around
- Consumers are increasingly accessing drawdown without taking advice. Before the freedoms, 5% of drawdown was bought without advice compared to 30% currently

We will be engaging with our members in order to formulate a response—the closing date is 15 September 2017. To read the full consultation please [click here](#)

Pension Schemes Newsletter 88

HMRC newsletter 88 has been issued which includes some operational details regarding the Scottish Rate of Income Tax. This is an area which we have received a few queries about—HMRC clarifications are coming through on an ad-hoc basis. To read the newsletter please [click here](#)

We are a member of the HMRC Pension Industry Stakeholder Forum and are happy to liaise with HMRC regarding issues on behalf of our members. This is a valuable benefit of membership. If you would like to find out more about TISA membership, please [click here](#)

TISA NEWS

Reaching age 75—Pensions Expert Article

Age 75 remains as a key age in pensions for scheme administrators and consumers. In this article Renny Biggins looks at the impact of age 75 and poses the question as to whether this age continues to have relevance. To read the article please [click here](#)

Seminar: The Decumulation Deep Dive

Friday 24 November 9:00-12:00
Legal & General Plc, 1 Coleman St, London EC2R 5AA

Following the launch of pension freedoms in 2015, decumulation continues to dominate pension discussions. Please join us as we delve into the world of decumulation from various perspectives including new consumer research, product innovation, investing for retirement income, drawdown alternatives and technology opportunities.

A full agenda and speaker line up will shortly be confirmed. If you are interested in receiving details as soon as they become available, please email renny.biggins@tisa.uk.com

Quarterly Roundtable

Monday 25 September 14:00-15:30
Press Briefing Room, CBI, 78 Cannon Place, London

You are invited to a pensions roundtable to discuss key current topics with our policy and technical team.

These small roundtables have been highly popular in the past and are a way for members to ensure that appropriate staff are right up to date with developing technical and policy areas.

We intend to cover

- FCA Retirement Outcome Review
- Where are Government going with retirement provision for self-employed
- The Net Pay / PTRAS problem
- PRIIPS

Places are strictly limited, as the format is very much a roundtable discussion and not a seminar or lecture!

We make a small charge of £75 to cover the costs of the event. This is VAT-free as it is an educational event. To book your place please [click here](#)

TISA Annual Conference

The Annual Conference is the flagship event in TISA's seminar programme and an ever-popular event across the financial services industry. This year the Conference theme is '**Going Global: Transforming the UK into a smarter global financial centre**'. For full details and to book your place please [click here](#)

Retirement Technical & Policy next meetings

Technical Committee: Wednesday 13 September 14:00-16:00
Press Briefing Room, CBI, 78 Cannon Place, London

Policy Council: Tuesday 19 September 11:00-12:30
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.