

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 Retirement Policy Manager

In the News

Flexible Pension Payments

HMRC have released the January 2018 quarterly statistics relating to flexible pension payments. The headline figures show:

- In Q4 2017 454,000 payments were made to 198,000 individuals
- The total value of these payments is just over £1.5 billion
- Approximately 1.1 million individuals have received a flexibly accessed payment since inception of pension freedoms in April 2015
- The total value of these payments is approximately £15.7 billion

To read the paper in full please [click here](#)

The current rules regarding the operation of PAYE means that millions of pounds of tax has been overpaid since April 2015 and has to either be reclaimed using the appropriate HMRC forms, or the adjustment is made months later in the next tax year. Many individuals have not received the payment they were expecting from their provider and if they are not aware of the reclaim process, will need to wait several months to receive a refund of the overpayment.

The PAYE process is clearly not suitable for initial pension payments in the freedoms world. It too needs to adapt and perhaps the way forward is to use dynamic coding, where details of the pension payment is sent to HMRC before it is paid and the appropriate tax code is returned. Not an easy process to implement, however if the freedoms are here to stay, we need a long term solution in place to ensure that individuals do not have to complete claim forms or wait for months to receive money that is rightfully theirs. We have communicated this approach to the Office of Tax Simplification for further consideration.

The Cost of Tax Relief

Another HMRC publication released in January covers the estimated cost of tax reliefs for 2017/18. The forecast costs for pensions are:

- Income tax £24.05 (billion)
- Employer NIC £16.90 (billion)

The total estimate is just short of £41 billion. With minimum AE contributions due to rise this year and 2019, combined with the intended changes in the mid 2020s of removing band earnings and reducing the minimum age of eligibility to 18, it seems probable that tax relief will come under the spotlight again in the not too distant future.

To read the paper in full please [click here](#)

HMRC Newsletter 95

The latest newsletter was issued on 31 January 2018. This covers information on the following areas:

- Pension flexibility statistics
- Relief at source for Scottish Income Tax
- Updates to form APSS146E
- New pensions online service
- Information powers and Schedule 36 of the Finance Act 2008
- Reporting of non-taxable death benefits
- Changes to postal address
- Feedback on pension scheme newsletters

To read the newsletter in full please [click here](#)

Financial Guidance and Claims Bill

The Bill received its second reading in the House of Commons on 22 January 2018. Much debate has surrounded the potential of mandatory guidance prior to access. At the time of writing, the current position following amendments is that providers must ask members whether they have received independent financial advice or guidance from the SFGB prior to flexible access or transfer. If not, they must also ask members whether they want to wait until they have received guidance or advice before they decide whether or not to access or transfer their pension savings, or if they want to proceed without receiving it.

TISA are currently focussing on the issue of how we best meet the needs of those consumers who will rely on guidance support in making financial decisions and the 40 million without access to advice.

To read the Bill in full please [click here](#)

DWP Objectives

As a result of the cabinet reshuffle earlier this month, the Secretary of State Esther McVey has taken over at the helm. Following on from the reshuffle, the DWP have issued a corporate plan which lists out their five objectives for the next four years. These are as outlined in the plan:

- Support economic growth and improved productivity by ensuring work always pays and people are supported to find and progress in work
- Help reduce the disadvantages faced by disabled people and people with health conditions through the welfare system and labour market
- Increase saving for, and financial security, in later life
- Maximise the number of children benefiting from an effective child maintenance arrangement, encourage family based arrangements where appropriate and reduce parental conflict in families
- Transform the way we deliver our services to improve quality and reduce costs

To read the plan in full please [click here](#)

TISA NEWS

The TISA & KPMG Savings Index

We have launched in partnership with KPMG a new biannual Savings Index which provides a unique view of the total savings of UK households by region and age. The Savings Index calculates the level of savings of a typical household in Great Britain. The Index is underpinned by a unique database that provides estimates of household savings held in the form of cash, shares and other financial assets, pensions, and, crucially, the property equity (house value net of mortgage borrowing). It also includes personal debt.

The Savings Index will be updated bi-annually using the latest market data on asset prices and savings flows, underpinned by comprehensive ONS data on households and covers all forms of cash, financial assets, pensions, home ownership and household equity. The Index is accessed by a front-end dashboard that allows the user to interrogate the underlying database and identify the up-to-date savings profile of a user-defined household segment, defined by age, region and (in due course) income.

The findings from the Index are relevant to a broad range of retail financial services providers, advisors and policy makers, informing product, distribution and marketing decisions in particular.

The headline figures of the Index will be publicly available but the Index and underlying database is available only on a licence basis – these will be available on a one and three year basis. To view the brochure please [click here](#)

Retirement Roundtable

Monday 26 March 10:00-12:00
Fidelity, 25 Cannon St, London EC4M 5TA

You are invited to a pensions roundtable to discuss key current topics. These are a way to ensure that appropriate staff are right up to date with technical and policy areas. We intend to cover

- Master Trust regulations 2018
- Pension freedoms and PAYE
- Guidance options for pension access
- Spring Statement 2018
- Topic of choice from delegate suggestions

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](#)

Retirement Technical and Policy next meetings

Technical Committee: Wednesday 7 March 2018
14:00-16:00
Venue: DST Systems, 17 Dominion St, London EC2M 2EF

Policy Council: Wednesday 21 March 2018
14:00-16:00
Venue: Northern Trust, 50 Bank St, Canary Wharf, London E14 5NT

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. We are a member of the HMRC Pensions Industry Stakeholder Forum. Please email enquiries@tisa.uk.com

Members 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.