XPS Pensions Group

News Alert

October 2018

Another quiet Budget for pensions

For those fearing further change in respect of pensions, yesterday's Budget seems to be a 'steady as she goes' state of affairs.

Pensions taxation

HM Treasury had recently commented on the lack of consensus in the responses to its consultation in July 2015 over significant reforms to the pensions taxation system, which meant that wholescale reforms in this year's Budget always seemed unlikely. The Chancellor has also resisted the temptation (at least for now) to make further cuts to the annual and lifetime allowances, with it being confirmed that the lifetime allowance will increase in line with CPI to £1,055,000 in 2019/20 as expected.

Patient capital

Work is continuing to ensure that defined contribution (DC) pension fund assets are not prevented from investing in patient capital funds financing UK growth and innovation. The Department for Work and Pensions (DWP) will consult next year on whether the pensions charge cap on default funds unduly restricts the use of performance fees in such funds, whilst maintaining member protections.

Pension dashboards

The Budget Report also refers to ongoing work on the pension dashboards (now firmly referred to in the plural). Although the Government now puts the emphasis on the pensions industry and financial technology firms to deliver the dashboards, the Budget does confirm that the DWP will consult later this year on the detailed design for the dashboards and allocates £5 million in 2019/20 to their development.

Cold calling ban

The Government has also published its response to its consultation on regulations to ban pensions cold calling, which will be laid before Parliament in autumn 2018 and brought into force as soon as possible thereafter. Guidance will be published by the Information Commissioner's Office (ICO) to accompany these regulations. The response also includes an update on other measures aimed at helping to protect members against pension scams: the Government indicates that it may consult on draft regulations limiting the statutory right to transfer, although no further details are given.

Forthcoming Events

- **Pension Investment Masterclass**

  London – Nov 8

  Leeds – Nov 27

  Manchester – Dec 4

- **Getting Ready For Your Next Valuations**

  London – Dec 13

- **Northern Conference**

  Leeds – Jan 30

Reserve your Place

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In other news...

The Budget Report shows that the vexed question of inflation measures still rumbles on with the Government noting that 'further moves away from RPI are complex' although its objective is for CPIH to become its headline measure of inflation over time. It also provides further quantification of the huge impact that falling discount rates used for public sector pension financing are having on those schemes. Finally, it notes that the DWP will publish a paper this winter on the government's approach to boosting pensions amongst the self-employed.

Still awaited...

Finally, a couple of expected announcements that did not make it to the Budget despite rumours in the press: the DWP has not yet published its expected consultation on collective DC schemes and we are still waiting for an announcement from the Treasury on how it might deal with the anomalous treatment of tax relief for low earners depending on the method of tax relief used by their pension scheme.

For further information

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