



Pensions: On the horizon

September 2014

When	What	Next step
2014		
October	PPF levy rules for 2015/16	PPF to respond to its consultation on changes to insolvency scoring, and to consult on levy rules for 2015/16
Autumn	VAT: HMRC reconsidering its stance on VAT for DB and DC schemes after <i>PPG</i> and <i>ATP</i> cases at ECJ	Revised HMRC guidance expected
Autumn	Abolition of DB contracting-out: statutory employer power to amend scheme rules to reflect abolition	Power expected to come into force
Passed by end 2014?	Pension Schemes Bill <ul style="list-style-type: none"> ■ legislative framework for shared risk or “defined ambition” schemes ■ also for collective DC (CDC) schemes ■ consequential changes to existing legislation 	Going through Parliament Provisions reflecting flexible access to be added e.g. guidance guarantee and conditions for DB to DC transfers
Passed by end 2014?	Taxation of Pensions Bill: consultation on draft Bill to enact Budget proposals has closed <ul style="list-style-type: none"> ■ flexi-access drawdown funds ■ uncrystallised funds pension lump sums ■ optional override for trustees to allow flexible access without making rule changes ■ £10k annual allowance for DC saving after first flexible access (within overall £40k AA for all pension saving) 	Bill to be introduced to Parliament Main provisions intended to be in force 6 April 2015
3 December	Reduction in tax on certain lump sums	Details expected in Autumn Statement
Uncertain	Employer's duty of good faith and pensions: <i>IBM v Dalgleish</i>	Court to decide remedies (damages? actions void?) for breaches of duty identified in April 2014 judgment
Uncertain	Auto-enrolment: certain categories of worker to be exempt e.g. have given notice, opted out after being contractually enrolled or have tax protection	Regulations awaited
Uncertain	DC occupational schemes: vesting reduced to 30 days	Legislation in place and planned to come into force in 2014
Periodic	Moral hazard: clarifying Pensions Regulator's power to issue contribution notices (CN) and financial support directions (FSD)	Legal action in <i>Box Clever</i> (FSD) and <i>Desmond</i> (CN) cases continues
Uncertain	GMP sex equalisation: to be required by law but after DWP has investigated GMP conversion as a possible means	Outcome of DWP investigation and timetable for next steps
Uncertain	Survivor benefits: whether law should be changed to require sex and gender equality for survivors in marriage (opposite and same sex) and civil partnership	Government decision awaited following DWP's June 2014 report
2015		
February	PPF entry: when can UK branch office of overseas statutory employer have an insolvency event triggering entry?	Supreme Court to hear appeal in <i>Olympic Airlines</i> case A change in law specifically for Olympic members gives them PPF protection but the wider question remains open

February	Survivor benefits in same sex relationships: <i>Innospec Ltd v Walker</i> . So far court action has held it is lawful to limit survivor benefits to service after December 2005	Court of Appeal to hear the case
6 April	Flexible access: main Budget 2014 measures	Come into force
6 April	New DC quality standards <ul style="list-style-type: none"> ■ minimum governance standards for all DC schemes, including Independent Governance Committees for contract based work place schemes ■ focus on performance and cost ■ in auto-enrolment schemes, 0.75% cap on member-borne costs ■ ban on consultancy charging extended to older schemes 	Intended to be in force
Uncertain	Automatic transfer of small DC pots (pot follows member)	Consultation on detailed regulations awaited
2016		
5 April	Refund of surplus: statutory power to amend scheme rules to preserve option to refund	Power expires
6 April	Single-tier state pension and end of DB contracting-out	Come into force
6 April	More new DC quality standards <ul style="list-style-type: none"> ■ ban on active member discounts ■ ban on all member-borne commission 	Intended to be in force
31 December	Revision of EU pensions Directive (IORP 2): draft revised text (March 2014) focuses on governance, member communication and risk management. Funding standards being considered separately	Proposed deadline for states to implement IORP 2 in national law (subject to pace of EU legislative process)
2017		
5 April	Tax: individual protection 2014	Deadline for application
6 May	Statutory review of SPA in light of improving longevity	Deadline for first review
30 September	Auto-enrolment <ul style="list-style-type: none"> ■ initial transitional period of 1% minimum employer DC contributions ■ 5 year grace period for delay in DB schemes 	Both periods end
2018		
5 April	Abolition of DC contracting-out (protected rights): statutory power to amend scheme rules	Power expires
30 September	Auto-enrolment: second transitional period of 2% minimum employer DC contributions	Period ends
2018 onwards	Increase in SPA	To rise <ul style="list-style-type: none"> ■ women: to 65 by November 2018 ■ both sexes: to 66 by 2020 and to 67 between 2026 and 2028
2021		
5 April	DB contracting-out: statutory power to amend scheme rules to reflect abolition	Power expires

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