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NORTON ROSE FULBRIGHT

# Essential pensions news

## Updater

December 2015

## Introduction

*Essential Pensions News* covers the latest pensions developments each month in an ‘at a glance’ format.

## Chancellor’s Autumn Statement – no announcement on changes to pensions tax relief until Budget on 16 March 2016

- On 25 November 2015, the Chancellor, George Osborne, gave his Autumn Statement and Spending Review speech. The Government’s response to the consultation on changes to pensions tax relief was not included and it has been confirmed that any changes will be announced as part of the next Budget on Wednesday 16 March 2016.

- Further pensions related announcements were:

- The Single Tier State pension, which replaces the basic and additional State pensions and which will be paid to those reaching State pension age on and after 6 April 2016, will start at a weekly rate of £155.65.

- However, individuals who have spent part of their working lives contracted-out of the State pension (and thereby paying lower National Insurance Contributions (NICs)) could find that they receive considerably less than the flat rate of £155.65 when they come to retire. In such circumstances, it will be possible for some individuals to continue working extra years and contributing NICs after April 2016 in order to boost their State pension entitlement.

- From 6 April 2016, the existing Basic State Pension will rise £3.35 to £119.30 per week for current pensioners.

- The pension flexibilities applying to individuals from April 2015 when accessing defined contribution savings is to be extended to those who already have an annuity. From 2017, the Government intends to remove the existing tax restrictions on individuals seeking to sell to a third party their right to future annuity income.

- In an attempt to simplify auto-enrolment administration for employers, the next two phases on minimum contribution rate increases will be aligned to the relevant tax years. This means that instead of taking place in October, increases will take place in April of the following year.

- Guidance will be published today for pooling LGPS fund assets into 6 British Wealth Funds, each containing at least £25 billion of assets. The Government is inviting administering authorities to come forward with their proposals for new pooled structures in line with the guidance to reduce costs while maintaining overall investment performance. The wider ambition is to match the infrastructure investment levels of the top global pension funds.

View the Autumn Statement in full here.

## Pensions Regulator publishes revised draft DC Governance Code for consultation

On 24 November 2015, the Pensions Regulator (TPR) published for consultation its new draft code of practice 13: Governance and administration of occupational defined-contribution trust-based schemes. The consultation period ends on 29 January 2016 and the key points are set out below.

TPR is consulting on a replacement version of its November 2013 code of practice (the 2013 code) on the governance and administration of occupational DC schemes. The new code is intended to reflect the fact the DC governance environment has changed considerably since the code was originally finalised in 2013, particularly following statutory developments in areas such as quality standards, charge-capping and flexible access. TPR is also apparently keen to simplify the code, and references to TPR's 31 quality features highlighted in the current version have been removed on the basis these are now "well established". Overall, despite containing content covering most of the new legislative areas, the draft new code is much shorter than the existing version.

Following the end of the consultation period, TPR plans to consult in spring 2016 on supplementary "how-to" guidance that will set out recommended good practice for trustee boards.

### Background

The contents of the 2013 code (and accompanying guidance) were based on 31 key "quality features" previously identified by TPR as hallmarks of a well-run DC scheme. Since November 2013, there have been further developments in the legislative regime applying to occupational DC governance. In particular, several new provisions came into force in April 2015 that are not fully reflected in the 2013 code:

- new quality standards and associated governance measures, including a requirement that an occupational DC scheme must have in place a chair of trustees, who is required to prepare an annual statement within seven months of the end of the scheme year;
- restrictions on the charges that may be levied on members in a default arrangement used for auto-enrolment;
- new flexible access options that are available when a member has reached normal minimum pension age, subject to scheme rules.

TPR indicated earlier this year that it planned to revise its 2013 code to reflect the changes in the legislative environment and reduce the complexity of the guidance.

## Key features of the draft code

As well as simplifying the existing content contained in the 2013 code, the new code gives guidance on a range of issues relating to the recently enacted governance and charges requirements, as well as covering some aspects of the DC flexibility reforms.

The new code covers the following principal points:

- **Chair of trustees.** TPR expects trustee boards to have a "robust and documented process" in place for appointing a chair. This process should "consider the leadership qualities of candidates and their ability to drive good practice within the scheme".
- **Master trusts.** In the case of a "relevant multi-employer scheme", if a trustee who was already in post on 6 April 2015 (when the law regarding the independence requirements for non-affiliated trustees came into force) is deemed to be non-affiliated, TPR does not expect them to go through a reappointment process to fit the "open and transparent recruitment" criteria included in the Scheme Administration Regulations.
- **Relations with advisers and service providers.** TPR expects trustee boards regularly to monitor the performance of their service providers as part of meeting the new duty to process core financial transactions promptly and accurately. If any providers are not performing satisfactorily, TPR notes the trustee board now has power to ignore any restrictions in its trust deed and rules governing the choice of adviser or service provider. In this situation, TPR expects the board to select, appoint and review advisers and service providers to the scheme taking into account members' best interests.
- **Administration.** In relation to the duty to process core financial transactions promptly and accurately, TPR notes that the meaning of "promptly" may depend on the context. It acknowledges that trustees may not always have power to change the relevant processes, but where they do, it expects trustees to regularly review their processes and make amendments to shorten the time it takes to process core financial transactions.

  In terms of payment methods, TPR expects trustees to use electronic means to process financial transactions as a default, with payment by cheque occurring only "in exceptional circumstances".

- **Investment governance.** The new code notes that the law does not require trustee boards to have separate statements of investment principles (SIPs) for each individual arrangement within a scheme. TPR states it does not expect trustees to put these in place, although it suggests trustees that find it easier to prepare separate SIPs may do so.

- **DC flexibility.** TPR expects trustee boards regularly to take steps to engage with members about the date they may wish to take their benefits and any preferences they have about how they wish to take DC benefits. They should also consider any information provided by members when they are determining members' investment options and the overall scheme investment strategy.

- **Value for members.** In relation to charges, the new code notes that trustee boards are obliged to explain their assessment of whether charges levied on members represent value for members in the annual chair's statement. TPR expects this explanation to address how they have carried out the assessment, and set out the conclusions they have reached. It also expects the evidence used by trustee boards to arrive at their conclusions to be documented contemporaneously.

  TPR acknowledges that different members have different interests, and it expects trustee boards to "make efforts to understand the characteristics of their members and, where possible, their preferences and financial needs, and to take this into consideration when exercising their judgement about what represents value for members". As a minimum, TPR expects trustee boards to assess four key areas when evaluating value for members: scheme management and governance; administration; investment governance; and communications.

- **Charges cap.** When calculating whether any default arrangements are compliant with the charge controls, TPR expects trustee boards to document their calculation process and, in all but the most straightforward cases, to seek professional advice. Equally, TPR expects trustee boards to take professional advice on the steps they need to take to implement the "adjustment measure" that is available if despite their best efforts a default arrangement does not comply with the charges cap.

- **Communications.** TPR expects trustee boards to make members aware of their right to transfer their benefits to another scheme at any age, in order to access their benefits in a variety of different ways other than by purchase of an annuity, regardless of whether or not the scheme itself offers flexible access to benefits. TPR expects all communications issued to members about their retirement options to clearly set out the steps a member should consider taking in order to help them make an informed decision about their benefits.

- **Chair's annual statement.** TPR expects the statement "to be written in such a way as to provide a meaningful narrative of how, and the extent to which, the governance standards have been complied with". Trustee boards should clearly set out the measures they have taken to achieve compliance and the details of how they reached their conclusions on the extent of compliance. The steps taken should be contemporaneously documented.

## Comment

Trustees and practitioners will welcome the shorter, simpler code of practice. The previous version was unwieldy and much of its contents had been rendered out of date given recent legal developments. TPR's preferred new means of distinguishing between legal requirements and its expectations is also likely to be viewed positively.

However, it will be interesting to see the length and complexity of the forthcoming associated how-to guidance. If this is too detailed and wide-ranging, it will no doubt lessen any advantage gained in having a shorter code.

The consultation document points out that trustees who have already complied with the 31 quality features in the 2013 code will find the approach in the new draft code “business as usual”. However, the new legal trustee duties have given TPR the opportunity to strengthen its approach to scheme governance and administration, and trustees should review their existing procedures with the those set out in the draft to confirm no changes are required.

View the draft Code.

## Regulator publishes integrated risk management guidance for DB schemes

Of interest to all DB schemes is the new guidance published by TPR to help trustees comply with the DB funding code and to manage the associated risks. A key part of the DB funding code is adopting an integrated approach to risk management. The new guidance is to be applied with the DB funding code and TPR’s employer covenant guidance. Together, the three documents comprise TPR’s core guidance on the fundamental risks to DB scheme funding. TPR intends to establish a system of integrated risk management (IRM) to help schemes focus on the interaction between different risks. More detail is set out below.

### Managing scheme funding risk

The IRM guidance document clarifies how trustees can identify and manage the factors affecting a scheme’s ability to meet funding liabilities as they arise, particularly where one factor can affect risks in different areas, for example, where a weak employer covenant may impact on funding risk. The IRM guidance should be read and operated by schemes in conjunction with:

- Code of practice 09: internal controls guidance;
- Guidance on assessing and monitoring the employer covenant;
- Code of Practice no. 3: Funding DB benefits; and
- Guidance on DB scheme investment strategy which will be published in 2016.

TPR identifies the key benefits of IRM as:

- helping schemes identify, prioritise and quantify material risks, and assessing the inter-relationships between these risks;
- promoting better decision-making due to greater trustee and employer understanding of material risks;
- encouraging greater employer and trustee collaboration though open and constructive dialogue about strategic material risks. TPR sees this as a useful starting point for future engagement on the parties’ risk capacities and “risk appetite”;
- helping to promote a proportionate focus on the principal risks, and thus helping trustees to adopt a proportionate approach to risk assessment, contingency planning and material risk monitoring;

- assisting schemes to better manage the trustees' and employers' time on addressing scheme risk-management; and
- making it easier for trustees and employers to explain their decisions to third parties, including TPR, especially when the process for risk assessment and management has been documented.

## Establishing an IRM framework

To assist trustees and employers in successfully establishing an effective IRM framework, TPR's guidance sets out a series of steps to follow:

**Step 1: Initial considerations for putting an IRM framework in place**
The guidance does not prescribe an IBM framework formula, as each will be shaped by a scheme's objective. Schemes should not wait until their next actuarial funding cycle to start the process. The responsibility for driving the process rests with the scheme trustees and they should ensure that their approach is "appropriate and effective" (paragraph 17). A key part of the process is collaboration between the trustees and the employer - one of the key principles of the DB funding code. Both parties should understand the other's risk capacity and the reasons why their positions may differ.

**Step 2: Risk identification and the initial risk assessment**
Initially, there should be a review of the scheme's current position and risks, which should reflect the trustees' existing funding and investment strategies. A key part of this is a current assessment of the employer covenant. Trustees should be aware of the range of material risks associated with the actuarial assumptions, the investment strategy and statement of investment principles, and the risks related to the employer covenant.

The risks should initially be viewed in isolation, but to develop a successful IRM framework it will be necessary for schemes to consider how the risks interact, for example, considering funding risk and covenant risk together (paragraph 31). The final stage of step 2 is for all of the risks to be considered together, re-addressing questions asked at the earlier stage, for example, what is the likely impact of this risk, is there a concentration of risk that affects more than one area, do any "risk themes" emerge?

**Step 3: Risk management and contingency planning**
Steps 1 and 2 will enable the trustees to assess if they are comfortable with the current risk position of the scheme's funding, investment and covenant positions. These are identified as forming three sides of the "triangle" of overall DB risk. Even if no action needs to be taken immediately to manage risk, the scheme's IRM framework should be developed to react to future changes in risk.

If necessary, the framework should first be applied to manage any current risks. Next, contingency plans should be developed to help schemes deal with material risks as they arise. This may require an assessment of how schemes would know where key elements change, for example, if the employer covenant deteriorates or the level of funding risk exceeds the agreed capacity. The framework should address whether the actions that such changes will trigger are sufficient to manage the risk to an acceptable level (paragraph 40).

**Step 4: Documenting the decisions**
The record of the trustees' decision-making process, and the final IRM framework document, is not subject to specific recommendations by TPR. Instead, TPR considers that, in accordance with their good-record keeping obligations, trustees should maintain a record of the development of the framework (paragraph 44).

**Step 5: Risk monitoring**
The guidance confirms that constant monitoring is vital to a successful IRM framework, allowing trustees to respond quickly and effectively to manage any future risks. The assessment of risk should not be viewed as a "hurdle to overcome". The frequency of framework monitoring will depend on the materiality of the scheme's risks and the scheme's resources. TPR acknowledges there is a cost involved in this process and that, for many schemes, it will be possible to base the monitoring of the IRM framework's effectiveness on information that is already being produced.

### How schemes should use the guidance

The guidance states that for the first draft of the IRM framework, the trustees may wish to ask their incumbent advisers to take the lead in putting a framework in place. However, to assist trustees in putting the guidance into practical effect, examples are offered in relation to each of the various steps. In addition, the appendix to the guidance provides examples of various risk assessment approaches that schemes may choose to use and which may inform their discussions with their advisers.

### Comment

The IRM framework guidance builds on the principles established in the DB funding code and the employer covenant guidance. With the investment strategy guidance due in 2016, TPR's guidance framework for managing DB scheme funding will be reflected in five separate documents and several hundred pages for trustees, employers, and their advisers to digest.

However, the reaction from the industry has been predominantly positive. The non-prescriptive nature of the guidance, which recognises that there is no one-size-fits-all approach to monitoring scheme and corporate risk, is seen as sensible. There is a clear and practical requirement for trustees, sponsors and advisors to work together to establish the extent of their respective risk appetite and toleration level.

## HMRC publishes Pension Scheme Newsletter no. 74

The latest edition of HMRC's regular pension schemes newsletter includes a summary of the measures announced at the Autumn Statement in November 2015. In the first Appendix, the newsletter sets out information in the form of Q&As on the reduced lifetime allowance (LTA) and how to make an application for protection from the tax charge which arises if the new LTA is exceeded. HMRC provides suggested wording for schemes to use in member communications if they wish.

The information covered in the newsletter is summarised below.

- **Lifetime allowance reduction.** HMRC has drafted wording that schemes may wish to use in their literature about the reduction in lifetime allowance from April 2016, individual protection 2016 (IP2016) and fixed protection 2016 (FP2016).

- **Interim process for applying for lifetime allowance 2016 protections.** The new online system for those applying for IP2016 or FP2016 will not be available until July 2016. An interim process will allow members to make a temporary application for IP2016 or FP2016 pending a full online application for protection. A list of information that must be provided in an interim application is included in the newsletter, which also states that those who rely on the interim process will also be required to make a full online application to ensure that their pension savings continue to be protected. Further information on the interim process will be provided in due course.

- **Changes to the Pensions Tax Manual (PTM).** The revised Pensions Tax Manual (PTM) was published on 8 December 2015. The newsletter includes a useful list of the main changes made to the PTM since it was published in draft form on HMRC’s website in March 2015.

- **Relief at source.** HMRC is keen to ensure it has full and accurate relief at source (RAS) records in advance of the introduction of the Scottish rate of income tax, but notes that some schemes have failed to submit their annual return by the October 2015 deadline. Schemes operating RAS will be allowed three opportunities to submit the 2014/2015 annual return, but if the return is not successfully submitted on the third attempt, future interim repayments will be stopped pending successful re-submission.

- **Taxation of pension flexibility payments made to trustees in bankruptcy.** The newsletter summarises the information that must be submitted on the real-time information (RTI) system where pension flexibility payments are made to third parties such as personal representatives or trustees in bankruptcy. Further information about the taxation and reporting of pension flexibility payments made to trustees in bankruptcy will be provided in due course.

- **Reporting flexi-access and death benefit payments.** The newsletter provides further clarification of what payments scheme administrators should report and how they should be reported on RTI from April 2016.

View the newsletter.

## Government commitment to creation of secondary market for annuities by April 2017

Of relevance to all pensioners who already have an annuity in payment is the publication by HM Treasury and the DWP on 15 December 2015, of a response to the March 2015 call for evidence on creating a secondary annuity market. In an extension of the current pension flexibilities, tax restrictions will be removed for those looking to sell on their annuity.

The Government believes that individuals should be free to make their own choices about what to do with their annuity incomes, and is committed to creating a secondary market for annuities by April 2017. This timescale will give the Government time to work with firms and the Financial Conduct Authority (FCA) to develop an effective package of measures to protect consumers.

The FCA intends to consult, during 2016, on draft rules designed to promote its statutory objectives relating to the secondary market for annuities. The Government has also outlined a number of legislative changes it will need to make.

### Comment

The announcement that retirees will be able to sell on their annuities has been largely welcomed, although it is recognised that there are significant details relating to the sale process and regulation which have yet to be finalised. For many people, selling a guaranteed income policy will not be advisable and it is likely that compulsory and advice will apply before an annuity over a certain may be sold.

## Auto-enrolment earnings trigger frozen at £10,000

After its annual review, the DWP has confirmed that the earnings trigger for auto-enrolment for the 2016/17 tax year will remain fixed at £10,000. In addition, the qualifying earnings band will continue reflect the National Insurance contributions lower and upper earnings limits, as £5,824 and £43,000 (up from £42,385 in 2015/16).

## DWP to assume responsibility for Pension Wise

The responsibility for Pension Wise, the Government's pension guidance service, will be transferred from HM Treasury to the DWP from 1 April 2016.

## Finance Bill 2016

On 9 December 2015, HM Treasury and HMRC published draft legislation and explanatory notes for the Finance Bill 2016. The draft Bill sets out more detail on changes confirmed in the 2015 Autumn Statement. The key pensions provisions are summarised below.

The Bill's key pension provisions will:

- Reduce, from 6 April 2016, the LTA to £1 million from its current level of £1.25 million. New forms of fixed and individual protection are also included.
- Change the inheritance tax (IHT) treatment of drawdown pensions, with retrospective effect to 6 April 2011, to clarify that IHT will not arise on unused drawdown funds on a member's death.
- Simplify the tests that assess whether a dependant's scheme pensions exceed the level of the member's scheme pension.

- Align the legislation covering the payment of bridging pensions with the introduction of the single-tier state pension with effect from 6 April 2016.

The changes in respect of bridging pensions will be the subject of a further consultation, including draft regulations.

## Court grants order allowing mistakenly deleted words to be read back into scheme rules

In *Re BCA Pension Plan* [2015], the High Court granted an application under section 48 of the Administration of Justice Act 1985 (section 48) authorising the trustees of an occupational pension scheme to administer the scheme on the basis that the pension increase rule is interpreted as if certain words had not been mistakenly deleted during a consolidation exercise.

Mr Justice Snowden considered that it was self-evident that there had been a mistake with the drafting of the pension increase rule in the consolidated trust deed and rules and granted the Trustee's application. The Court held that it was clear from looking at the original trust deed and rules what had been omitted in error from the consolidated deed. In order to correct the mistake, Snowden J concluded that it was necessary to read the omitted words into the pension increase rule of the consolidated rules. He was satisfied that reading these words into the rule did not infringe the principles set out in the relevant authorities and that "[t]he consequence is not to create a new contractual provision in Rules that would work without it: its inclusion is necessary to make the existing Rules work."

Although the order under section 48 protects the Trustee from any complaint that it has wrongly administered the Plan, Snowden J commented that it does not bind the members or potential beneficiaries, who were free to contend that a different construction of the pension increase rule in the consolidated rules should apply.

### Background

Under section 48, trustees can apply to the High Court for an order authorising certain steps to be taken where a question of construction has arisen out of the terms of a will or trust. To make an application under section 48, the trustees must have obtained a written legal opinion from a person who has a ten-year High Court qualification.

There are no special rules governing the construction of pension scheme documents. The same general principles of construction are applicable to the trust deed of a pension scheme as they are to all other written instruments.

### Trustee's application

Instead of pursuing formal (and more costly) rectification proceedings in which a representative beneficiary would be appointed, the Trustee decided to make a section 48 application to the High Court. The Trustee asked the Court for an order that it be authorised to administer the Plan on the basis that the pension increase rule was interpreted as if the words previously deleted had not been deleted in the consolidated rules. This was the manner in which the Trustee had administered the Plan both before and after the 2011 consolidation exercise.

The Trustee obtained an opinion from a QC on the correct interpretation of the pension increase rule. The opinion stated that the wording of rule 22 of the Consolidated Rules made no sense given and that the consolidated rules were unworkable.

Whilst the correction the Trustee sought would involve reading a whole sub-paragraph into a rule in the consolidated deed, this was held not to be contrary to the principle in *Cherry Tree Investments Ltd v Landmain Ltd* [2013], which cautioned against insertion of whole clauses that the parties had mistakenly failed to include.

It was argued that "The inclusion of the relevant paragraph operates to make sense of what is otherwise a nonsensical provision. Its inclusion does not change the meaning of the document but gives practical effect to the existing meaning: it reflects the fact that a clear mistake has been made and that it is clear what the mistake is and how to correct it."

Although section 48 allows the Court to make an order without a hearing, Snowden J asked for a short hearing to explore some of the issues.

### Decision

Snowden J granted the Trustee's section 48 application. He considered that it was self-evident that there had been a mistake with the drafting of consolidated rules, ads the rule in question did not make sense. Snowden J agreed with the Trustee that the nature of the mistake and the corrective construction necessary to cure it was obvious.

### Comment

This is an interesting case as the correction to the consolidated rules was permitted without the Trustee having to make a formal rectification claim, and without the appointment of a representative beneficiary, which would have been necessary had that route been followed.

Snowdon J allowed defect in the rules to be cured by way of a section 48 application, despite the fact that some members would be adversely affected by reading in the missing wording. However, the obvious downside to the section 48 approach is that the change is not technically binding on the Plan's members.

## And finally....some suggested New Year's resolutions for pension schemes

We wish all our readers a Merry Christmas and a Happy New Year 2016. Below, we have suggested some New Year's resolutions for pension schemes.

### Section 251 resolutions

Where pre-2006 scheme rules include a power to repay surplus funds to a participating employer where the scheme is ongoing, that power will be lost unless steps to retain it are taken. Trustees may pass a resolution retaining such a power where they are satisfied such a move is in members' interests, but the process must be complete by 6 April 2016. The relevant notice for the necessary resolution will need to be sent by 6 January 2016. Schemes which have not already taken action should do so without delay.

## Certification of contingent assets for PPF levy purposes

Of interest to all schemes providing DB benefits are the various deadlines, as noted in our update for October 2015, for submitting data and documents to the Pension Protection Fund (PPF) for calculation of insolvency scores used to calculate the PPF risk-based levy. Documentation relating to the certification of contingent assets much reach the PPF by midnight on 31 March 2016.

As preparation of these documents can take several weeks, clients who are intending to use contingent assets to reduce their risk-based levy are urged to start the process as soon as possible.

The PPF has now confirmed its rules governing the calculation of levies for the 2016/17 levy year, which starts on 1 April 2016. Proposals made by the PPF to simplify and apply a “lighter touch” to the re-certification procedures for asset-backed contribution (ABC) arrangements and excluded mortgages have been largely welcomed. The PPF’s ABCs guidance has been redrafted to include example situations where this approach may be suitable. The guidance also confirms that, on re-certification, trustees may use previously-obtained legal advice as long as the underlying legal position has not changed. In addition, a valuer may use a “prudent estimation” approach rather than certifying a specific figure.

Apart from the points relating to ABCs, there are few changes from the draft issued for consultation in September.

## The end of DC short service refunds

As we noted in our August 2015 update, of interest to all occupational schemes in which members have only DC benefits, is the abolition of short service refunds for members with less than two years’ pensionable service which came into force on 1 October 2015.

Personal pension schemes and wholly DB schemes are not affected. The abolition applies only to members whose qualifying service started from 1 October 2015, so members who joined before that date may still be offered a short service refund. The relevant legislation is not overriding, so the eligibility requirements for short service refunds under scheme rules should be checked, in case amendment is required.

With so many changes in the pipeline, schemes need to ensure that this one is not overlooked.

## The abolition of DB contracting-out

Contracting-out on a salary-related basis will be abolished with effect from 6 April 2016. Where the sponsoring employer wishes to offset any consequent increase in payroll costs, a 60-day consultation with affected members may be required before scheme rules are amended to effect the change.

In addition, the September issue of HMRC’s Countdown bulletin reminded scheme administrators that they must register for HMRC’s guaranteed minimum pension (GMP) reconciliation service by 5 April 2016 in order to use it. HMRC also provides several technical tips on using the service. Trustees of schemes which provide GMPs will need to consider as soon as possible their approach to reconciling scheme records with those of HMRC if they have not already done so.

## Changes to pension tax relief and allowances

With effect from 6 April 2016, the annual and lifetime allowances relating to pension savings will be reduced. In addition, the new tapered annual allowance will apply to individuals with annual income (not just employment earnings) in excess of £150,000. Employers and trustees should consider issuing communications (see the item on Pension Schemes Newsletter no. 74 above) to members who may be affected by these changes – no easy task, as employers are unlikely to be aware only of any earnings arising from sources other than employment.

The Chancellor is due to make public the Government’s response to the September 2015 consultation on potential changes to pension contribution tax relief on 16 March 2016 in the Budget. There is a real possibility that pension legislation will change fundamentally yet again, so trustees and employers need to be on top of the changes which already apply to their schemes.

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