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To: **ACA Contacts at firms**
From: ACA Secretariat

All

Please see below a circular from Karen Goldschmidt, Chairman of the ACA Pension Taxation Committee. **Please make ACA members aware of the contents below.** The pdf attachments referred to are on the ACA website (www.aca.org.uk 'Briefing Papers' page), but are attached for your ease of reference.

'The *Finance Act 2011* received Royal Assent in July, along with some regulations, introducing a new AA regime retrospectively from April 2011 and impacting some pensions savings back to October 2010; and changing the operation of Lifetime Allowance from April 2012.

The legislation is complex, especially as it interacts with the many varied rules and benefits in pension schemes. HMRC have issued guidance on their interpretation on some issues, but some of their material is in draft and indeed reflecting old draft legislation, and it does not address all the points that we need.

The ACA Pensions Taxation committee has sent various letters to HMRC to open up discussion on some questions of particular relevance to our members. Our past practice has been to issue this sort of material to ACA members with answers received. But given that the legislation is already in operation and impacting retiring cases now, and that some of the potential pitfalls are not obvious, we feel you may wish to read these immediately. We hope to discuss these letters with HMRC in the near future, with a view towards them addressing the questions in their release of RPSM expected at the end of September - and we will issue responses as appropriate if we receive them earlier for public dissemination.

Clearly the letters should be read in context, as representing the views of the Pensions Taxation committee members, not necessarily tested with lawyers, or with HMRC; and not reflecting all the potential ways schemes may trigger the issues involved. We hope these help in considering further variations or different perspectives that you yourselves wish to raise with HMRC.

Rather than disturb all members with emails each time we issue material on this, we suggest that those interested in this area keep an eye on the ACA webpage for additions.

We will not be issuing all letters we have written (for example this list does not include the many lobby letters on detailed elements of the draft Bill or regulations.)

Letters released at this time include those addressing:

Operation of the new AA regime:

- DP carve out and options at retirement
- Bridge pensions
- Barber and "split NPAs"
- BCE2 with late retirement uplift; and the operation of the "valuation assumptions" where a scheme retains IR limits

Miscellaneous on the LTA change in 2012 and on Fixed Protection.

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