Pension saving (and pensions tax) in the post Osborne era

Jillian Pegrum – Aon Hewitt

Outline of seminar

The presentation will start with a recap of how - or whether - we have we moved on from last year's equivalent session. Schemes are now getting to grips with the Money Purchase Annual Allowance (and anticipating further problems as the allowance is reduced with retrospective effect) and the Tapered Annual Allowance. LISAs were indeed introduced from April 2017, but so far very few providers are offering them so have they really yet presented the feared competition against traditional registered pension arrangements? Since last year's session we have had a Finance Act – and now a Bill. We have also had some changes introduced under regulations.

We will then discuss in more detail the practical aspects of the MPAA and complications relating to Pension Savings Statements and Scheme Pays. The new TAA rules may have affected fewer people but the impact would be greater, and we will discuss how advisers may have been working with their clients to minimise the tax impacts. The TAA itself brings complications relating to Pension Savings Statements and Scheme Pays, some of which we are only just beginning to discover with clients as the final deadlines have not yet been reached.

HMRC aims to help individuals and schemes to navigate the various rules and charges, but we have discovered many mistakes in the public guidance given to taxpayers – how can they hope to get their pension tax right without the helping hand of their consultants?

We will also discuss the developments from the 2017 Finance Act 2017 – and the latest Bill to incorporate the residual items left out due to the snap election. Further legislation is planned in the 2018 Finance Act, and we are only just finding out what that will comprise. But we would really like the next Act to include some provisions to tidy up the complex web left by recent layering of the lifetime allowance changes. We have also seen some changes introduced under regulations.

The session finishes off by discussing some developments on the horizon. There are number of issues being considered by the DWP: the green paper and suggestions for consolidation of schemes, dealing with GMP equalisation, and making bulk transfers without consent. Simplifications and easements in these areas would all be welcomed, but we mustn't forget the taxation aspects that could arise due to the complexity of the legislation. And there are other, wider, discussions that might impact on pension taxation – what about proposals for social care (and what members might be doing with their pension funds in order to minimise the amount they have to put towards their own costs)? And how will workers in the gig economy plan their pensions?

Of course these plans or issues might be thrown into disarray with further radical changes in pensions taxation, which we have feared for several years but have never materialised –yet.