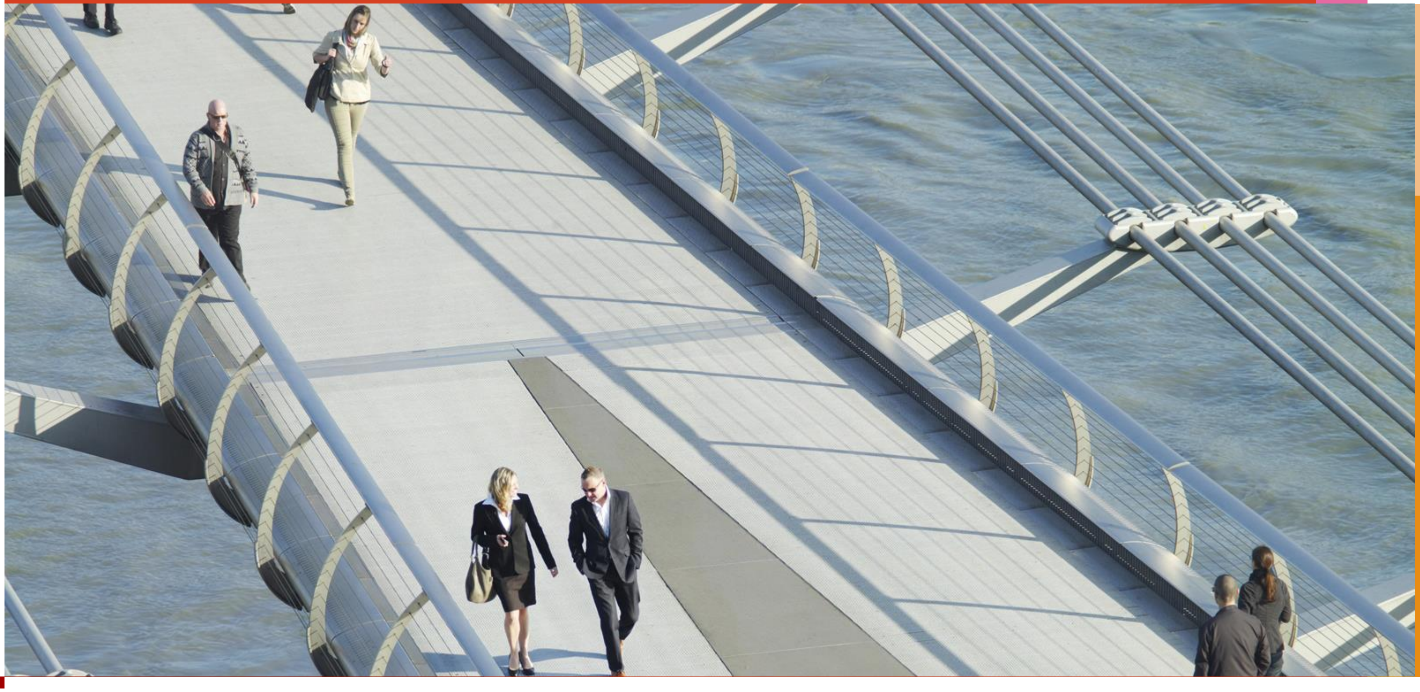
www.pwc.co.uk

ACA Conference
Manchester 2017

DC Pensions: What is keeping employers awake at night



Strictly Private and Confidential

September 2017

A decade of change

2006 2009 2010 2011 2012 2012 2014 2015 2016 2017

Annual Allowance reduces from **£255k** to **£10k** for higher earners

Introduction of the **Money Purchase Annual allowance**

Freedom and **choice**

Lifetime Allowance introduced on A-day initially rises and then falls to £1.0m

Auto-enrolment introduced for employers

Lifetime ISA launched

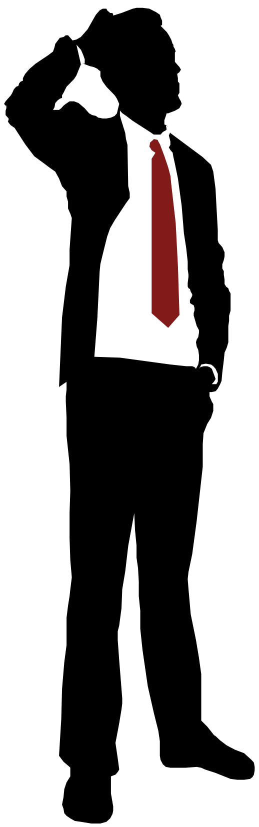
£500 Pensions Advice Allowance

Automatic Enrolment
Challenges

- Over 8 million employees
- Over ½ million employers
- TPR spot checks:
  - Manchester
  - Sheffield
  - Birmingham
  - Glasgow
- Penalties and prosecutions

(www.tpr.gov.uk/fines)

Automatic Enrolment
Default funds



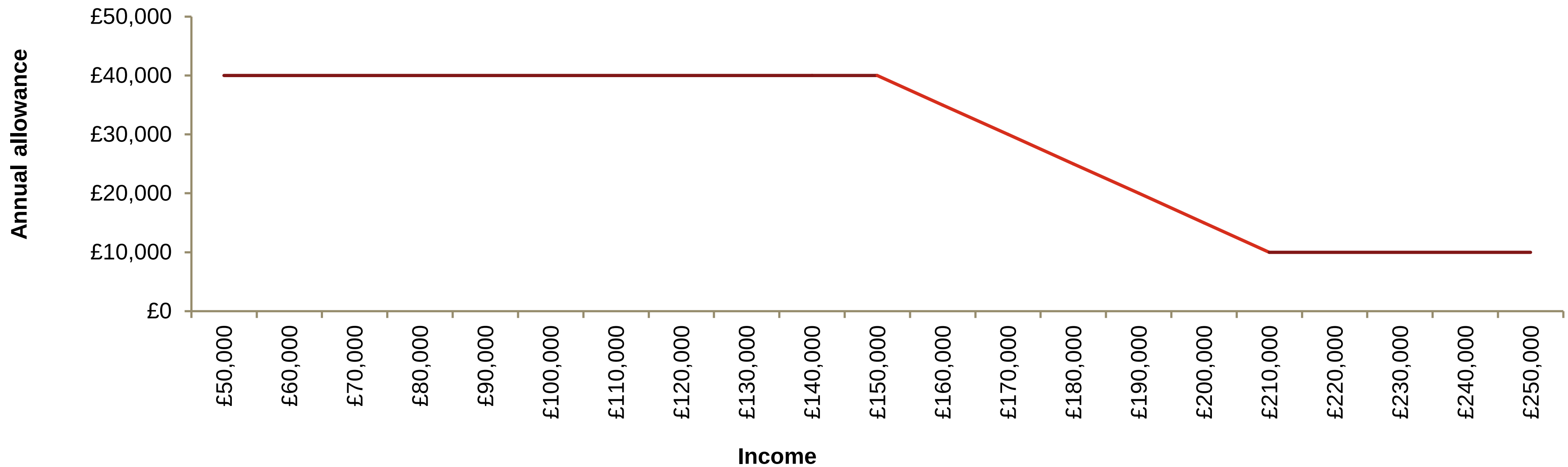
Freedom and *choice*

LTA and AA

From 6 April 2016 the Lifetime Allowance fell to £1 million and the Annual Allowance was reduced for people with income over £150,000.

AA reduction for higher earners | **Reduction is tapered** | **Income not earnings** | **Applies in tax year**

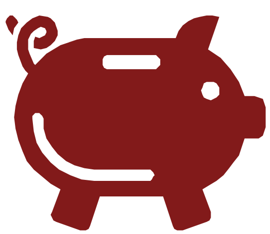
How the annual allowance depends on income



Lifetime ISA

Eligibility

- Available for individuals aged under 40 (and over 18).
- Each year until age 50, individuals will then be able to pay up to £4,000 into the LISA.
- Overall ISA allowance is now £20,000.
- LISA cannot be used for auto enrolment purposes.



Bonus and withdrawal

- For each £4 paid in, savers will receive a £1 government match.
- Savers can draw on the fund tax-free before age 60 to purchase a first property costing no more than £450,000.
- Unused funds can be withdrawn tax-free after age 60 for any purpose.
- 25% penalty on early withdrawal

2017/18 and beyond…

Money Purchase Annual Allowance reduced from **£10k** to **£4k** from April 2017

Auto-enrolment
increase to minimum contributions

State Pension Age

65, 66, 67, 68, 69?,70?,….75?

Pensions dashboard
available from 2019

Questions?