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Abbreviations commonly used in 7 Days

DB: Defined benefit
DC: Defined contribution
DWP: Department for Work and Pensions
HMRC: HM Revenue & Customs

HMT: HM Treasury
NAPF: National Association of Pension Fund
PADA: Personal Accounts Delivery Authority
PPF: Pension Protection Fund

LEGISLATION

Restriction on Tax Relief for High Earners

In the 2009 Budget, the Government announced that tax relief on pension savings would be restricted for those with incomes of £150,000 or over from April 2011. Relief will be tapered away so that for those with incomes of £180,000 will receive pensions tax relief at 20% - the same as for a basic rate tax payer.

The Finance Act 2009 introduced measures (anti-forestalling provisions) preventing those potentially affected by the change from making extraordinary contributions in the interim. For individuals caught by this provision, a special annual allowance applies of £20,000. Where regular savings exceed this amount after 22 April 2009, a new tax charge which restricts the relief on the additional pension savings to basic rate tax is imposed and will apply to any excess over £20,000 paid after 22 April 2009.

For more information on the new tax relief restrictions, see our Alerts dated: [23 April 2009](#), [24 July 2009](#) and [11 December 2009](#).

Sackers also responded to the HMT consultation "Implementing the restriction of pensions tax relief" on [3 March 2010](#), as did a number of other organisations including the [ACA](#) and [NAPF](#).

The Special Annual Allowance Charge (Variation of Rate) Order 2010

The introduction of a 50% tax rate for those earning over £150,000 from 6 April 2010 means that the 20% charge will be insufficient in some cases to remove the advantage of higher rate relief. This [Order](#) therefore links the rate of the special annual allowance charge for 2010/11 and subsequent years to the top slices of an individual's income so that it charges the difference between the rate of relief that was given on the pension contribution and the basic rate of tax.

Further information can be found in the [explanatory memorandum](#) which accompanies the Order.

The Special Annual Allowance Charge (Protected Pension Input Amounts) Order 2010

These [Regulations](#) extends protection against the special annual allowance charge in three particular instances:

- where there is a change in pension provider on or after 22 April 2009,
- for contributions which an individual or an individual's employer was contractually committed to at 22 April 2009 but which had not actually commenced on that date, and
- for certain lump sum contributions made on 22 April 2009.

We included details of these Regulations in 7 Days dated [1 March 2010](#). But please note that HMRC has now published a [note](#) on these Regulations on 3 March 2010.

Equality Bill: Update

In the latest stage of Parliamentary debate on the Equality Bill, a proposed amendment which sought to remove the default retirement age and employers' ability to dismiss employees at the age of 65 with effect from the end of 2011 has been withdrawn.

A review of the default retirement age is already underway this year (having originally been scheduled for 2011). The Lords proposing the amendment had hoped that by introducing a definitive date for its abolition, they would be able to "hurry [the review] along". However following comfort that the review will "not only consider whether the default retirement age is still appropriate and necessary but seek to understand best practice around retirement" and consider "how to encourage flexible retirement and flexible working options", whilst mitigating any unintended consequences of changing the law, the amendment was withdrawn.

For further details, please see [Equality Bill: Amendment 33, Lords Hansard Column 1388](#) (2 March 2010)

The Registered Pension Schemes (Provision of Information) (Amendment) Regulations 2010

These [regulations](#) require scheme administrators (generally the trustees, in the case of a trust based occupational pension scheme) to make a report to HMRC where a registered pension scheme has borrowed a sum in excess of the limits set out in the pension tax legislation. They also specify what information the scheme administrator must provide to HMRC and by when. The information is needed by HMRC in order to assess a tax charge on the excess borrowing.

Further information can be found in the [explanatory memorandum](#) which accompanies regulations.

The Occupational and Personal Pension Schemes (Miscellaneous Amendments) Regulations 2010

These [Regulations](#) come into force on 6 April 2010 and contain amendments to various sets of Regulations relating to occupational and personal pensions.

They introduce an amendment which adds an addition to the 'listed changes' upon which an employer is required to consult when proposing changes to a defined benefit occupational pension scheme.

They also make a number of minor changes to current Regulations to reflect changes in the guidance issued by the Board for Actuarial Standards, including:

- allow schemes with specific restrictive rules to make changes without the approval of HMRC,
- extend the circumstances when small lump sums can be taken without incurring taxation charges.

For further details please see the [explanatory memorandum](#) to the Regulations.

Pension Protection Fund (Miscellaneous Amendments) Regulations 2010

Amongst other things, these [Regulations](#) change the age at which a person can apply for early payment of pension compensation from age 50 to age 55.

This change reflects changes made by the Finance Act 2004, which changes normal minimum pension age from 50 to 55 from 6 April 2010 unless the individual member of a pension scheme has a protected pension age as provided for under transitional provisions which provide for circumstances in which an individual may have a protected pension age of less than 55 on or after 6 April 2010. For further details of the change to NMPA please see our Alert dated [18 December 2009](#).

More details of the Regulations can be found in the [Explanatory Memorandum](#).

The Government also published its [response](#) to the [consultation](#) on 8 March 2010.

DEPARTMENT FOR WORK AND PENSIONS

The Occupational and Personal Pension Schemes (Miscellaneous Amendments) Regulations 2010

This [consultation](#) primarily concerned the Government's proposals to amend the Pension Protection Fund entry rules and other rules that apply to those schemes that have a partial Crown guarantee.

The Government [response](#) was published on 5 March 2010:

State Pensions Reform: Briefing Pack

This [briefing pack](#) for advisers was updated on 4 March 2010.

This DWP say this pack will be of interest to anyone advising people on issues affecting their planning for retirement, their savings, or their benefits in later life. It contains both high-level information for those needing a quick overview of the changes, as well as more detailed fact sheets.

It will be of particular interest to those providing advice or support to:

- people approaching or past State Pension age (SPA)
- those with spouses or civil partners who are approaching or past SPA
- people with extensive caring responsibilities.

HM TREASURY

Equitable Life: Sir John Chadwick issues Third Interim Report

On 4 March 2010, Sir John Chadwick has issued his [third and final interim report](#). Sir John expects to provide his final advice to the Government in May 2010.

Sir John Chadwick gives details of the proposed ex-gratia payment scheme for policy holders most affected by events at Equitable Life, which sets out:

- the provisional answers to the questions Sir John needs to address in his advice to the Government;
- Sir John's provisional view on which life companies are suitable as a basis for a comparator in the assessment of relative loss resulting from accepted maladministration;
- his provisional views as to what factors the Government may wish to take into account when considering those policyholders who have experienced disproportionate impact from the accepted maladministration; and

- the initial quantitative advice from Sir John's actuarial advisers, Towers Watson (formerly Towers Perrin) on how the Society's financial position would have been presented differently to the public (absent of maladministration).

Sir John's Third Interim Report develops from his Second Interim Report of December 2009, in response to which he received a number of representations. These responses have also been published.

The consultation period on the third report closes on 9 April 2010.

A copy of the press release can be found [here](#).

PENSION PROTECTION FUND

PPF reminder of impending levy deadlines

Important: Deadlines for the 2010/11 and 2011/12 Levies

2010/11 Levy

- 5pm on 31 March 2010 for certification/re-certification of [contingent assets](#).
- 5pm on 9 April 2010 for certification of [deficit reduction contributions](#).
- 5pm on 30 June 2010 for final certification of full [block transfers](#) that have taken place up to and including 31 March 2010.

2011/12 Levy

- 5pm on 30 March 2010 for providing information to D&B regarding [sponsoring employers' failure scores](#).
- 5pm on 31 March 2010 for updating PPF-related Scheme Return information including s179 valuations.
- 5pm on 30 June 2010 for final certification of full and partial [block transfers](#) that have taken place up to and including 31 March 2010.

All certificates and data should be submitted through the Pension Regulator's Exchange System, with the exception of the hard copy documents required to support **all** new and some renewed Contingent Asset arrangements, which **must** be sent to the [PPF office in Croydon](#), and not the Pensions Regulator.

For more information, see our Alert dated [19 February 2010](#).

PERSONAL ACCOUNTS DELIVERY AUTHORITY

Successful bidder for NEST scheme administration services named

PADA issued a [press release](#) on 2 March 2010 to confirm that Tata Consultancy Services has been named as the successful bidder for NEST scheme administration services. PADA intends to sign a contract with them later this month.