

# PATHways



## Pension Administration Technical Help

Highlighting pensions news and legislation that has particular relevance to what we do in pension administration



## HMRC newsletter

HM Revenue & Customs (HMRC) has published [Pensions schemes newsletter 165](#), which includes articles on:

- information on the upcoming submission of 2024/25 tax year pension scheme returns via the Managing pension schemes service and on migrating pension schemes to that service;
- corrections to information on the income tax treatment of payments to trustees in bankruptcy originally published in [Pension schemes newsletter 93](#);
- answers to more queries about the new regulations for the abolition of the lifetime allowance which came into force on 18 November 2024, including:
  - disclosure requirements for members with transitional tax-free amount certificates and the calculation of a member's available allowances when they take a lump sum over the age of 75, and;
  - confirmation that schemes should contact members who turned 75 before 6 April 2024 when they want to crystallise further benefits to establish whether they took any lump sums from other schemes before the abolition of the LTA in order to determine their available lump sum allowance where this is required, and;
- a response to queries from some schemes with members who have asked to return pension commencement lump sum (PCLS) or uncrystallised funds pension lump sum payments which were requested in anticipation of rumoured changes in the Autumn Budget which did not materialise - HMRC has confirmed:
  - that these cannot be undone and, for example, its view that there is no 'cooling off' period for these payments as they are not purchases of a new financial product;
  - that in the case of a PCLS the accompanying pension entitlement must arise within six months of the payment being made, or unauthorised payments charges will apply, and;
  - that the member's lump sum allowance cannot be restored and unauthorised payments charges may arise under the 'recycling rule' if contributions are made to a scheme from a PCLS.

## PASA data scoring guidance

The Pensions Administration Standards Association (PASA) has published [guidance on data scoring](#). The guidance includes an overview of the Pensions Regulator (TPR)'s requirements for reviewing a scheme's data and producing a score for it. It describes the importance of accurate data to trustees and the challenges of managing this, including for example in obtaining data in respect of AVCs from a third-party provider. The guidance suggests ways in which schemes could go beyond the minimum testing standards set out by TPR for both common and scheme-specific data. For example, administrators can ensure that their data scoring methodology makes the results comparable with schemes of a similar type. The guidance also suggests that trustees may use data scoring in order to future-proof data requirements for projects which may be undertaken as a result, for example, of changes to legislation or regulatory standards.

## Pensions Dashboards Programme progress update

The Pensions Dashboards Programme (PDP) has published its [tenth progress update report](#). This includes details of:

- the work that the PDP has been undertaking with 20 'volunteer participants' to test and refine the process for connection;
- confirmation that the PDP will aim to follow the phased timetable for connection which was set out in [guidance](#) published by the Department for Work and Pensions (DWP) in March 2024, and that this should allow providers to connect well in advance of the mandatory deadline of 31 October 2026;
- the [written statement](#) produced by the Government in October 2024 which confirmed that MoneyHelper's dashboard would be made available to the public before commercial dashboards – PDP believe this will provide better insights into customer behaviour and confidence in the operation of the dashboard framework;
- the publication of updates to the data, technical and reporting standards and the code of connection for pension schemes and providers;
- confirmation that GOV.UK One Login will be used as the identity service through which users of dashboards will prove their identity, and;
- updates on the work on dashboards being carried out by the DWP, TPR and the Financial Conduct Authority.

The PDP has also published a [blog post on the progress of the MoneyHelper dashboard](#). They hope to begin allowing some schemes to test the service in spring 2025 before commencing the process of releasing it more widely.

## TPR publishes DB covenant assessment guidance

TPR has published [updated covenant guidance](#) for DB scheme trustees, aligned to its new [DB funding code of practice](#). This replaces the previous detailed guidance which had originally been published in August 2015, and incorporates the more comprehensive description of the employer covenant included in [The Occupational Pension Schemes \(Funding and Investment Strategy and Amendment\) Regulations 2024](#).

The updated guidance includes sections on:

- the areas which need to be considered when assessing the employer covenant;
- identifying employers and assessing their legal obligations to the scheme;
- understanding the extent and duration of reliance which can be placed on employers for continued support of the scheme, and the risks which might affect these;
- the valuation of contingent assets and their legal enforceability;
- considerations for setting a recovery plan, such as the appropriateness of 'back-ending' deficit recovery contributions, and;
- monitoring the covenant and putting in place a robust framework for further action to be taken at the appropriate time.

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