

The Reward & Employee Benefits Association
REBA New Year Lectures 4 February 2016 1410-1435
Royal Society of Medicine London

The great pensions conundrum of 2016

ROBIN ELLISON,

PINSENT MASONS; PROFESSOR, PENSIONS LAW AND ECONOMICS, CITY UNIVERSITY

Introduction

- ▶ Background
 - ▶ The tax changes
 - ▶ Auto-enrolment
 - ▶ Contracting-out
- ▶ Implications for
 - ▶ payroll
 - ▶ HR
- ▶ Making life easier
- ▶ **What to do??????**



Video 1

<https://www.youtube.com/watch?v=1mwZC8jXb9c>

pensions for spinsters)



Background

- ▶ Tax changes
 - ▶ Annual allowances
 - ▶ Lifetime allowances
 - ▶ 2016 March Budget
 - ▶ EET/TEE/flat rate
- ▶ Auto-enrolment
 - ▶ Simplification of rules
 - ▶ Recordkeeping
 - ▶ Provider selection



Implications for payroll

- ▶ For payroll
 - ▶ Frequent job changers
 - ▶ Payroll systems
 - ▶ Foreigners (Fleet Maritime case)
 - ▶ Phasing
 - ▶ Penalties: fines & tPR
 - ▶ Trust or contract?



Implications for HR

- ▶ For HR
 - ▶ Opt-out rate
 - ▶ Higher earners and the caps
 - ▶ Excess values
 - ▶ Advice to members!
 - ▶ Guidance or advice
 - ▶ Absence of advice
- ▶ Compliance
 - ▶ DC governance



Boring but important

- ▶ Contracting-out
 - ▶ Ends 6 April
 - ▶ State pension offsets in scheme design
 - ▶ GMP revaluation
 - ▶ Automatic enrolment tests change



Conclusions

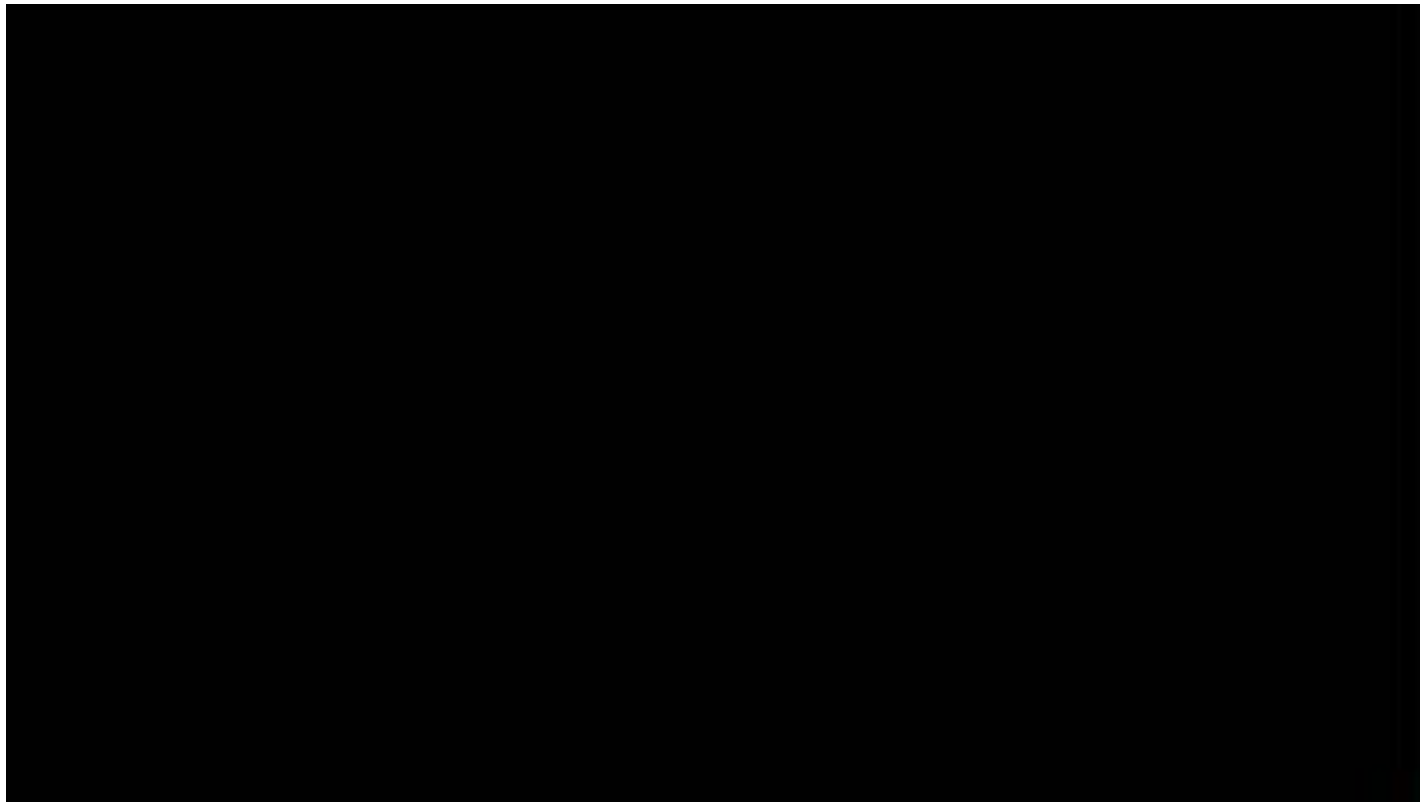
- ▶ Write a retirement income strategy
- ▶ If you haven't auto-enrolled: DO IT NOW!
- ▶ tPR determined to fine AMAP
- ▶ Higher earners need special care
- ▶ Look for alternatives
 - ▶ Unfunded pensions
 - ▶ Deferred retirement/part-time employment
- ▶ Other stuff
 - ▶ Close off DB plans (buy-out/buy-in/Hedgehog)



Video 2

<https://www.youtube.com/watch?v=TKtFpOla07c>

orway pensions



Contact

Robin Ellison
 Pinsent Masons, London, England
robin.ellison@pinsentmasons.com
robin@pensionslaw.net
 +44 (0)20 7667 0010
 +44 (0)7950 295117



Recent publications

Pensions for you and your business, Crimson Publishing, £14.95, 1st edition, published April 2013, ISBN 978 1 85458 678 0

Pension fund investment law, Bloomsbury Professional, £423.50, 1st edition, published 1 September 2008, ISBN 978 1 84766 2484 / 978 1 84766 248 4 (Hardback and CD ROM)

Pensionspedia, Pinsent Masons, 2011, (gratis on request, on USB stick)

The Pension Trustees Handbook, Thorogood, 7th edition, ISBN 9 7818 5418 7116

Pensions Law and Practice with Precedents, Sweet & Maxwell, looseleaf, ISBN 9 7804 2179 1909, £994.40

Halsbury's Laws of England (vol 80: Pensions), Butterworths, £9,360