

# Current issues

July 2018

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### Protecting DB schemes: a stronger Pensions Regulator

As promised in March's White Paper<sup>1</sup>, the Government has come forward with proposals to enhance the Pensions Regulator's ability to intervene in favour of defined benefit pension schemes.<sup>2</sup> They include measures intended to ensure that it is made aware of planned transactions at an earlier stage, and has an arsenal of new and improved weapons to deploy if things go wrong.

### Notifiable events

Scheme employers and trustees are already obliged to notify the Regulator about the occurrence of certain specified events. The Government proposes to add to the list of events to be reported by employers, so that it includes

- sale of a material part of the business or assets of any employer that bears the responsibility for funding at least twenty per cent of a scheme's liabilities;
- any grant of security that gives the creditor priority over the scheme;
- certain changes to the board of directors or senior management (appointment of a chief restructuring/transformation officer; appointments made to safeguard the interests of external parties; and changes to at least two of certain roles—chairman, chief executive officer, and chief financial officer—within a six-month period);
- seeking independent advice as a prelude to potential insolvency or restructuring; and
- deferral, amendment or waiver (as well as breach) of the employer's banking covenant.

Sale of a controlling interest in, or the business or assets of, a scheme sponsor, and the granting of security in priority to scheme debt would have to be notified when agreement in principle has been reached, rather than after completion. The Government proposes to remove the obligation to report wrongful trading, on the grounds that it is rare for wrongfully trading employers to make the fact public. An updated version of the Pensions Regulator's *Code of Practice No. 2: Notifiable Events* would give guidance on some aspects of the proposed changes.

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<sup>11</sup> *Protecting Defined Benefit Pension Schemes* (Cm 9591), March 2018

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/693655/protecting-defined-benefit-pension-schemes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/693655/protecting-defined-benefit-pension-schemes.pdf) .

<sup>2</sup> *Protecting Defined Benefit Pension Schemes: A Stronger Pensions Regulator*

[<assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/719779/protecting-defined-benefit-pension-schemes.pdf>](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719779/protecting-defined-benefit-pension-schemes.pdf).

### Declaration of intent

Sale of a controlling interest in, or the business or assets of, an employer, and the granting of security in priority to scheme debt would also give rise to an obligation to make a '*declaration of intent*', before completion of the transaction. It would be addressed to the trustees, with a copy sent to the Regulator, and would cover

- the details of the plans;
- confirmation that the trustees have been consulted and whether or not they endorsed them; and
- how any detrimental effect on the scheme will be alleviated.

### Clearance

The law allows for the parties to a proposed transaction to apply to the Regulator for a '*clearance statement*' that gives them binding assurances that, in so far as the facts as described are correct, it will not issue contribution notices or financial support directions against them. The Regulator is to revise its guidance to be clearer about

- the '*material detriment test*' (by which the Regulator determines whether an act or deliberate omission was materially detrimental to the likelihood of members receiving their benefits—one of the ways in which an employer or its associates can put themselves at risk of being targeted for a contribution notice);
- the sorts of events that are apt for clearance, and how they apply in relation to financial support directions (which, unlike contribution notices, are not 'fault-based', in the sense of being dependent upon the commission or omission of an act); and
- the clearance process, including the stage at which applications ought to be made.

### Sanctions

In its 2017 manifesto, the Government mooted the idea of a new criminal offence for company directors who deliberately or recklessly endanger the ability of a pension scheme to meet its obligations.<sup>3</sup> The suggestion was carried through to this year's White Paper. Under the latest proposals, criminal sanctions would apply not only to '*wilful or grossly reckless behaviour in relation to a defined benefit pension scheme*', but also to non-compliance with a contribution notice or the notifiable-events obligations (the latter extending to trustees). Intended to punish '*the most serious cases of wrongdoing*', the new crimes would carry the possibility of unlimited fines or imprisonment (or both).

Additionally, the Government plans to empower the Regulator to impose civil fines of up to £1million in some cases. The examples given include failure to comply with the revised notifiable-events framework and the new declaration of intent, as well as '*elements of the DB funding code*'.

### Contributions notices & financial support directions

The Government also plans to enhance the Regulator's powers to issue contribution notices and financial support directions. In the case of contribution notices, that would involve

- a closer relationship between the amount demanded and the extent of the loss or risk to the scheme;
- allowing the maximum that can be demanded (the debt on the employer) to be calculated around the time of the decision to impose the contribution notice, rather than at the date of the act or omission in question, and for the amount demanded to be increased to take account of delayed payment; and
- allowing the '*material detriment test*' to be based on an assessment of the effect of an act or deliberate omission on the strength of the sponsoring employer (this is, seemingly, as an alternative to the current test, which requires the Regulator to determine whether the act or omission has had a materially detrimental effect on the likelihood of accrued benefits being received in full);

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<sup>3</sup> <[www.conservatives.com/manifesto](http://www.conservatives.com/manifesto)>.

So far as financial support directions (FSDs) are concerned, the proposals are that the Government will

- (apparently) allow the FSD to specify the support to be provided (rather than letting targets put forward proposals that the Regulator then approves or rejects);
- limit the forms of support to either a cash payment or a guarantee in relation to all or part of the employer's scheme liabilities;
- review the basis upon which scheme employers are considered to be '*insufficiently resourced*' (or not);
- allow the Regulator to target individuals—humans, as opposed to companies—in more cases (currently, it can only issue an FSD to an individual if he or she is the scheme employer, or is associated with the individual who is the employer—by marriage, for example);
- specify that an FSD can be judged reasonable because of (amongst other things) the actions of the target in creating or increasing risk;
- give the Regulator power to impose a contribution notice on those associated with or connected to the target of an FSD;
- consider whether and in what circumstances the Regulator might be able to issue FSDs based on a state of affairs that existed more than two years in the past; and
- allow the Regulator to make FSDs, in the form of a requirement to make a cash payment, in connection with schemes that have entered the Pension Protection Fund.

These are material and, overall, reasonable proposals. They would signify that companies must take their DB liabilities seriously, and that the Regulator has both licence and means to act decisively if they do not.

### Consultation on trustees' investment duties & disclosures

The Government plans to require pension scheme trustees to state their policies on taking account of factors, such as climate change, that affect investment performance; on stewardship; and on how members' views could help shape their scheme's investment strategy.<sup>4</sup> There would also be new, related disclosure requirements for schemes providing money purchase benefits.

### Background

The proposals are a direct response to recommendations made by the Law Commission in 2014 and 2017.<sup>5</sup> However, environmental, social and governance (ESG) considerations have been very much in focus recently, with a report from the House of Commons Environmental Audit Committee<sup>6</sup>, the European Commission's action plan for financing sustainable growth<sup>7</sup>, and the approaching deadline for transposition of the 'IORP II' Directive<sup>8</sup>.

Existing legislation obliges trustees to describe any policy that they might have about taking '*social, environmental or ethical considerations*' into account when investing, as well as how they will exercise any rights (such as voting rights) attached to their investments. They are not required to *formulate* such policies, though.

Concern has arisen that, by grouping social, environment and *ethical* considerations together, the legislation fosters (or at least, does nothing to dispel) confusion about the distinction between 'financially material' factors—

<sup>4</sup> <[www.gov.uk/government/consultations/pension-trustees-clarifying-and-strengthening-investment-duties](http://www.gov.uk/government/consultations/pension-trustees-clarifying-and-strengthening-investment-duties)>.

<sup>5</sup> *Fiduciary Duties of Investment Intermediaries* (Law Com. No. 350) <[www.lawcom.gov.uk/project/fiduciary-duties-of-investment-intermediaries/](http://www.lawcom.gov.uk/project/fiduciary-duties-of-investment-intermediaries/)>; *Pension Funds and Social Investment* (Law Com. No. 374) <[www.lawcom.gov.uk/project/pension-funds-and-social-investment/](http://www.lawcom.gov.uk/project/pension-funds-and-social-investment/)>.

<sup>6</sup> *Greening Finance: embedding sustainability in financial decision making* (HC 1063) <<https://publications.parliament.uk/pa/cm201719/cmselect/cmenvaud/1063/1063.pdf>>.

<sup>7</sup> <[europa.eu/rapid/press-release\\_IP-18-3729\\_en.htm](http://europa.eu/rapid/press-release_IP-18-3729_en.htm)>.

<sup>8</sup> *Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision.*

those that affect investment returns—and other, non-financial considerations that might nevertheless be of importance to members. In the Law Commission's view, trustees can and should take financially material factors into account. Those factors include ESG considerations to the extent that they are thought to have implications for investment performance. Non-financial factors, on the other hand, should only sway decision-making if the trustees have good reason to believe that scheme members share the concern, *and* there is no risk of significant financial detriment to the fund.

## Proposals

### Statements of investment principles

From 1 October 2019, before preparing or revising a statement of investment principles (SIP), trustees would have to document how members' opinions on diverse matters (including ethics, social impact and quality of life) will be taken into account.

The SIP itself would have to cover (amongst other things) the trustees' policies on:

- financial material considerations, including—but not limited to—climate change and other ESG matters, and how they affect investment decisions; and
- stewardship, including engagement with companies and investment managers (on matters such as performance, strategy, risks, social and environmental impact, and corporate governance), as well as the exercise of any rights (such as voting rights) that come with particular investments.

The SIP rules do not, generally, apply to schemes with fewer than 100 members. However, the trustees of those within that category that provide money purchase benefits are, with some exceptions<sup>9</sup>, obliged to produce SIPs in connection with their default investment arrangements; and to that extent they would in future be obliged to set out their policies with regards to financially material considerations.

### Money purchase benefit disclosures

The trustees of schemes that provide money purchase benefits would also, with some exceptions<sup>10</sup> and with the exclusion of schemes with fewer than 100 members, acquire new disclosure obligations. From 1 October 2019, they will have to include their policies on financially material considerations, stewardship, and taking account of members' views in their annual report.

The entire SIP and the trustees' policy on taking account of members' views will have to be made freely available online (Amendment Regulations made earlier this year have introduced a requirement to publish information about charges and transaction costs in the same manner<sup>11</sup>). Members will have to be told about the availability of the information in their annual benefit statements.

From 1 October 2020, the annual report will also have to include the trustees' assessment of their compliance with the SIP during the scheme year in question. This 'implementation report' will also have to be made freely available online, and advertised in benefit statements.

### Consultation and implementation arrangements

Those who wish to respond to the consultation proposals should do so by 16 July 2018. The consultation document notes that the changes are only likely to come into force on the dates indicated (1 October 2019 and 1 October 2020) if the legislation can be laid before Parliament in the coming autumn. If that is not possible, the effective date for the first group of changes may be delayed until April 2020.

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<sup>9</sup> Including executive pension schemes, small self-administered schemes, unregistered schemes, public-service pension schemes, and schemes for which the only money purchase benefits derive from additional voluntary contributions.

<sup>10</sup> See footnote 5.

<sup>11</sup> The *Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018* (SI 2018 No. 233).

Overall, it is encouraging that the Government is addressing the recommendations of the Law Commission. The ambiguity in the current Regulations has hindered trustees from addressing the subject of responsible investment. Clarification of the need to consider all financially material factors, whatever their nature, is welcome.

Whilst the proposals do not entirely dispel the risk that the SIP is approached as a tick-box exercise, there can be no doubt that responsible investment is a topic that all trustee boards will have to engage with at some level in the near term.

We will share our formal response to the consultation proposals in due course. We will also continue to work closely with our clients to help them understand the implications of the changes for their investment policies and reporting requirements.

### Select Committees report on Carillion

In May, the House of Commons Business, Energy and Industrial Strategy Committee and the Work and Pensions Committee published a joint report into Carillion plc, which entered compulsory liquidation in January 2018.<sup>12</sup> Since the publication of the report the Chief Executive of the Pensions Regulator, Lesley Titcomb, has announced that she will leave the Regulator at the end of her four-year contract in February 2019.<sup>13</sup> Also, as promised in March's White Paper<sup>14</sup>, the Government has published for consultation proposals to increase the Regulator's ability to intervene if things go wrong.<sup>15</sup>

As a result of its acquisition policy, Carillion ended up sponsoring thirteen UK defined benefit schemes including several schemes taken on in deficit. Actuarial valuations at 31 December 2016 revealed an aggregate deficit for the Carillion pension schemes of around £990 million. According to the Committees' report, all but two of the thirteen schemes are likely to enter the Pension Protection Fund (PPF) with an aggregate deficit for PPF purposes currently estimated to be around £800 million, the largest ever claim on the PPF.

The MPs made the following comments in their report:

- The trustees were not effective in negotiating with a company which showed little interest in honouring its pension obligations. This was partly due to the influence of the number of Carillion employees on the trustee board;
- The Pensions Regulator failed in all its objectives regarding the Carillion schemes. Its threat to impose a schedule of contributions—a power it had never used—was described as '*feeble*'. The Regulator was also criticised for accepting significantly longer recovery plans than the average seven-and-a-half years and for not challenging Carillion over its dividend policy. However, it was recognised that Carillion was run so '*irresponsibly*' that its schemes may have ended up in the PPF in any event;
- The Regulator would benefit from having far tougher sanctions on scheme sponsors who deliberately avoid their pension responsibilities through corporate transactions. However, in order to be '*quicker, bolder and more proactive*' there will need to be a significant cultural change at the Regulator, and the Committees were not convinced the current leadership is equipped to make that change.

<sup>12</sup> <[publications.parliament.uk/pa/cm201719/cmselect/cmworpen/769/769.pdf](https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/769/769.pdf)>

<sup>13</sup> <[www.thepensionsregulator.gov.uk/press/chief-executive-lesley-titcomb-to-leave-at-end-of-her-four-year-contract-tpr.aspx](https://www.thepensionsregulator.gov.uk/press/chief-executive-lesley-titcomb-to-leave-at-end-of-her-four-year-contract-tpr.aspx)>

<sup>14</sup> <[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/693655/protecting-defined-benefit-pension-schemes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/693655/protecting-defined-benefit-pension-schemes.pdf)>

<sup>15</sup> <[assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/719779/protecting-defined-benefit-pension-schemes.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719779/protecting-defined-benefit-pension-schemes.pdf)>

Just before the report was published, the Regulator pointed out to the Work and Pensions Committee that it is now a very different organisation from five years ago.<sup>16</sup> It had already started to implement some changes, following an internal review.

Although Lesley Titcomb's decision to leave reportedly preceded the report's publication, her bruising session before the Joint Committee and Frank Field's loaded questions to the Regulator's Chair—'what the criteria will be for appointing or reappointing the next Chief Executive?'—could not have helped.<sup>17</sup>

### Civil partnerships for heterosexual couples?

The UK's Supreme Court has ruled that the inability of different-sex couples to enter into civil partnerships, whilst that option is still open to same-sex couples, is incompatible with human-rights law.<sup>18</sup> The Government and Parliament will now have to decide what (if anything) to do about it.

### Background

The *Civil Partnerships Act 2004* allowed homosexual couples to obtain legal recognition of their relationships by registering as civil partners; they were not (yet) allowed to marry. The *Marriage (Same Sex Couples) Act 2013* changed that—one might guess as much from its title—but left the civil partnerships legislation in place. As a result, same-sex couples currently have an option that is unavailable to their heterosexual comparators when they wish to formalize their relationships. The Government has said that it is 'committed to resolving this issue', and is currently gathering data that it hopes will point to 'the best way forward'.<sup>19</sup> It expected to advance proposals for consultation purposes 'at the earliest' in 2020.

### Facts of the case

The appellants in the case were a different-sex couple who wished to enter into a legally recognized relationship, but had a conscientious objection to marriage. They argued that the inequality of treatment of heterosexual couples was incompatible with the *European Convention on Human Rights* (ECHR): specifically, articles 8 (*Right to respect for private and family life*) and 14 (*Prohibition of discrimination*).

The Government contended that it was justified in maintaining the inequality whilst it investigated the best way to eliminate it.

### Judgment

The Court decided, unanimously, that the legislation precluding heterosexual couples from entering into civil partnerships is incompatible with the ECHR. The Government failed to show that it was necessary to exclude different-sex couples from civil partnerships for an indefinite period whilst its investigations proceeded.

The Government's approach was described, at one point, as having 'displayed, at best, an attitude of some insouciance.' It might be expected that the Court's judgment will encourage it to be somewhat less nonchalant, although it was noted that a declaration of incompatibility does not oblige the Government or Parliament to do anything. One of the options would be to phase out civil partnerships for same-sex couples. The impact on occupational pension schemes should it decide instead to make the institution available to opposite-sex couples will depend on whether there are many 'conscientious objectors' waiting for such a change in the law, and whether it would significantly extend the range of beneficiaries under the rules of individual schemes. It is primarily an issue for defined benefit arrangements.

<sup>16</sup> <[www.parliament.uk/documents/commons-committees/work-and-pensions/Carillion/Letter-from-The-Pensions-Regulator-to-the-Chair-regarding-DB-pension-schemes-16-March-2018.pdf](http://www.parliament.uk/documents/commons-committees/work-and-pensions/Carillion/Letter-from-The-Pensions-Regulator-to-the-Chair-regarding-DB-pension-schemes-16-March-2018.pdf)>

<sup>17</sup> [www.parliament.uk/documents/commons-committees/work-and-pensions/Carillion%20stakeholder%20letters/220518-FF-and-RR-to-Mark-Boyle-TPR.PDF](http://www.parliament.uk/documents/commons-committees/work-and-pensions/Carillion%20stakeholder%20letters/220518-FF-and-RR-to-Mark-Boyle-TPR.PDF)

<sup>18</sup> *R (on the application of Steinfeld and Keidan) (Appellants) v Secretary of State for International Development (in substitution for the Home Secretary and the Education Secretary) (Respondent)* [2018] UKSC 32, <[www.supremecourt.uk/cases/docs/uksc-2017-0060-judgment.pdf](http://www.supremecourt.uk/cases/docs/uksc-2017-0060-judgment.pdf)>.

<sup>19</sup> *Hansard*, House of Commons Debates, 2 February 2018, Column 1121, <<https://goo.gl/L6hKtz>>.

## Government wins appeal over LGPS investment guidance

The Court of Appeal has ruled that government guidance on Local Government Pension Scheme investment strategies did not stray into '*unauthorized purposes*' when it said that administering authorities ought not to use the Scheme to pursue boycotts, divestment and sanctions that are contrary to the UK's foreign or defence policies.<sup>20</sup>

### Background

In September 2016, the Department for Communities and Local Government (now Ministry of Housing, Communities and Local Government) published guidance for Local Government Pension Scheme (LGPS) administering authorities to use when formulating their investment strategies. The guidance has a statutory footing, and an authority's strategy '*must be in accordance with*' it.<sup>21</sup> Controversially, it said that '*using pension policies to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries are [sic] inappropriate, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government*', and that as such, authorities '*Should not pursue policies that are contrary to UK foreign policy or UK defence policy.*'

The guidance was subjected to judicial review, instigated by an LGPS member and an organization that lobbies for boycotts of Israel and businesses that support its occupation of the West Bank and Gaza Strip. In the High Court, in June 2017, a judge said that the guidance was unauthorized and unlawful, because the Secretary of State had not exercised his statutory powers for '*pensions purposes*'.

Pending appeal, the guidance was re-issued without the offending passages.

### The appeal

The Secretary of State appealed against the High Court order, saying that the judge made a legal error in concluding that the guidance was issued for an unauthorized purpose. In response, the LGPS member and the campaigning organization said that the guidance was, as well as being unauthorized, also contrary to European pensions law, which prevents member states from subjecting investment decisions to '*any kind of prior approval*'.<sup>22</sup>

### Judgment

The Court of Appeal unanimously over-ruled the High Court's decision. It said that, although the guidance-making power had to be exercised so as to promote the aims of the legislation, the Secretary of State had been given wide discretion over the range of considerations that he could take into account, and was entitled to allow for '*wider considerations of public interest*'. He had acted '*for an obvious pensions purpose*' when giving guidance on the extent to which administering authorities' strategies might give weight to non-financial factors, '*and the fact that he took into account considerations of foreign policy and defence policy ... did not convert it ... into a non-pensions purpose.*'

The Court also rejected the objection based upon European law, saying that the guidance was not equivalent to the imposition of a requirement for prior approval. It was '*closer in character to a technical framework than to a set of rules prescribing the investment decisions that may be taken by an administering authority*'. Although it affected the policies that were to be included in an authority's investment strategy, and as such might have an indirect effect on individual investment decisions, '*the authority is left with the freedom to take those decisions and is not required to invest or not invest in any particular financial product.*'

This decision is especially interesting coming, as it did, just before the Government outlined plans to transform the statements of investment principles produced by the trustees of private-sector occupational pension schemes (see

<sup>20</sup> *R (on the application of Palestine Solidarity Campaign Ltd) & Another v Secretary of State for Communities and Local Government* [2018] EWCA Civ 1284.

<sup>21</sup> Regulation 7(1) of the *Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016* (SI 2016 No. 946).

<sup>22</sup> Article 18(4) of Directive 2003/41/EC on the activities and supervision of institutions for occupational retirement provision.

the separate article in this Current Issues). It is unlikely that the Government would try to influence the investment of private money so openly.

We understand that an appeal to the Supreme Court is likely.

### HMRC newsletters

Her Majesty's Revenue and Customs (HMRC) has published several updates since the last edition of *Current Issues*.

#### Pension Schemes Newsletter 99

HMRC confirms that its guidance about dealing with 'genuine errors' can be applied to mistakes caused by the involvement of an independent financial adviser (IFA).<sup>23</sup> The guidance, contained in the Pensions Tax Manual, explains that some mistaken payments are not regarded as unauthorized payments, and so do not attract penal tax charges.<sup>24</sup> In summary, this treatment applies to purely accidental overpayments that are promptly rectified (that is to say, repaid).

Newsletter 99 clarifies that it also pertains when an IFA is authorized to act on member's behalf but, due to a clerical error, a transaction does not proceed in accordance with the member's clear instructions. If the error is the sort of thing that would have been treated as a 'genuine error' if made by the member him- or herself, and it is spotted and steps taken to rewind and carry out the transaction as intended, the payment made due to the IFA's mistake will be ignored.

The other contents cover the move to a new online service for registering and (eventually) managing pension schemes (for more on which, see the following section); the resolution of problems with form APSS262 (used to report overseas transfers), more information about a gaffe in the online event report (concerning members who were automatically provided with pension savings statements because they might have incurred an annual allowance charge); and relief at source for Scottish income tax.

Another part of HMRC's 'genuine errors' policy says that it is prepared to overlook misguided pension instalments and lump sums that are not recovered, as long as they do not exceed £250. It is unclear whether this concession also applies when the fault lies with the member's IFA.

The errors guidance has a more glaring omission, which has been evident to us from the outset: it implies that scheme administrators only ever make accidental overpayments.

#### Manage and Register Pension Schemes

To coincide with the launch of the first phase of its new online service, HMRC has published a Manage and Register Pension Schemes service newsletter.<sup>25</sup> It says that the next releases of the first phase of the service, due later this year, will include additional features such as allowing a pension scheme administrator (PSA) to amend their pension scheme details, add new PSAs to their scheme and remove themselves as a PSA (in certain circumstances). HMRC will also align the registration process with the authorization process for master trusts.

The newsletter also sets out what is planned for the second phase of the service. This includes the introduction of pension scheme reporting on the service; the addition of pension scheme practitioners and the issue of penalties and assessments through the service.

<sup>23</sup> <[www.gov.uk/government/publications/pension-schemes-newsletter-99-may-2018/pension-schemes-newsletter-99-may-2018](http://www.gov.uk/government/publications/pension-schemes-newsletter-99-may-2018/pension-schemes-newsletter-99-may-2018)>

<sup>24</sup> <[www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm146000](http://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm146000)>

<sup>25</sup> <[www.gov.uk/government/publications/manage-and-register-pension-schemes-service-newsletter-june-2018/manage-and-register-pension-schemes-service-newsletter-june-2018](http://www.gov.uk/government/publications/manage-and-register-pension-schemes-service-newsletter-june-2018/manage-and-register-pension-schemes-service-newsletter-june-2018)>

### Countdown Bulletin 34

Finally, HMRC has published Countdown Bulletin 34, the latest in a series designed to deal with the aftermath of the abolition of contracting out.<sup>26</sup>

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<sup>26</sup> <[www.gov.uk/government/publications/countdown-bulletin-34-may-2018/countdown-bulletin-34-may-2018](http://www.gov.uk/government/publications/countdown-bulletin-34-may-2018/countdown-bulletin-34-may-2018)>



## And Finally...

AF was asked recently about the availability of exemptions from various requirements for single-member schemes. As we explained to our interlocutor, occupational pensions legislation is peppered with exceptions for schemes that have '*fewer than two members*'. Our colleague confessed that the thought had not occurred to him that there might be schemes with '*a non-integral number of members*.' You might surmise from that response that our correspondent is an actuary, but you really oughtn't to caricature people in that way. (Yes. Yes, he is.)

Presumably, we replied, this is to cater for the possibility that at least one of a brace of members is a survivor of a shark-attack, retribution by biblical literalists, or a tragic road-roller-handbrake-failure incident.

As our colleague observed, '*Our legislators have thought of everything—they really are the best in the world!*'...