

Sixty second summary

The 'Generation Game' challenge of LGPS administration annual tax activities



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Despite pensions being known as a 'long-term' industry, we are all aware that LGPS administration moves at breakneck speed in the short term. With year-end exercises concluded, or nearing conclusion, your thoughts will no doubt be turning to production and distribution of your annual benefit statements. Once they are out the door, the 2020/21 annual Pension Savings Statements exercise will immediately follow. And let's not forget the everyday, business-as-usual tasks you must complete, as well as additional projects like McCloud. With so much to attend to, the never-ending conveyor belt of priorities can feel very much like the 'prizes' during an episode of the Generation Game – lots to do and lots to remember...just no cuddly toy!

The Pension Savings Statement challenge

We recognise the challenges faced by you and your colleagues in meeting the ever-increasing demands placed on your Fund.

In the last 5 years the complexities of the annual allowance have proven to exceed even the most patient and knowledgeable among us:

- The technical nature of pension tax provisions;
- The increased numbers of scheme members being caught by the annual allowance as a result of the threshold remaining unchanged for many years;
- The bespoke tax demands placed on administration teams from scheme members, keen to understand what the annual allowance is and how it impacts their personal situation (and, in particular, future career decisions they might take); and
- The resource that can be taken from (usually) senior members of the team in dealing with technical queries for a small number of, often demanding, scheme members (or alternatively the possible lack of technical resource available to deal with the queries).

Additionally, we know that loss of key staff and difficulty recruiting replacements can also impact on the ability to deliver technical projects such as Pension Savings Statements and/or deal with the resulting technical questions received from scheme members.

How we can help

We have been supporting Funds over many years in managing their annual allowance exercises.

We offer a range of support, enabling you to meet your annual allowance responsibilities, while you continue to focus on delivery of business-as-usual activities. If you request our support, we can:

- **Undertake individual assessments** against the annual allowance in respect of your members with annual pension growth in excess of £40k (if requested we can also include scheme members or any other figure you prefer) or where significant aggregations have occurred during the input period;
- **Incorporate the impact of the lifetime allowance** where that may also be an issue for your scheme members;
- **Provide interactive tax seminars to higher earners** and others who may be interested, building up their personal knowledge of the pension tax rules, what they mean for them and the practicalities of dealing with HMRC;
- **Provide interactive training to your administration team**, ensuring they are better placed to deal with scheme member enquiries or carry out the process in future input periods; and
- **Facilitate one-to-one sessions** with your higher earners, giving them the opportunity to raise any questions they might have regarding the pension tax rules.

Even where you are satisfied you are able to deliver your Pension Savings Statements we are still available to undertake an **independent review** of your annual allowance procedures and associated documentation, providing assurance that you are compliant with the overriding requirements and providing recommendations for improvements where we believe they would be beneficial.

While not provided by Hymans Robertson, we are also able to refer these individuals to independent financial advisers who would be able to discuss individual member needs and provide regulated advice to your members on tax implications of the annual or lifetime allowances, or any other financial matters relevant to the individual.

Want to know more?

We would be happy to discuss how we might be able to support you in navigating the 2020/21 annual allowance exercise. Please speak to your usual Hymans Robertson consultant or alternatively get in touch with **Pete Riedel** (0141 566 7955) or **Ian Colvin** (0141 566 7923).