HYMANS ROBERTSON

Current issues

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NMPA, NMPA, stick it up yer jumper

His Majesty's Revenue and Customs (HMRC) is consulting on draft legislation intended to smooth the transition to a normal minimum pension age (NMPA) of 57 on 6 April 2028. The transitional provisions are required to prevent cases arising where people reach the current NMPA (55) before the change, becoming entitled to benefits, and then after the switch find that payments are unauthorized because they're still not yet 57.

As with the previous NMPA change (to age 55, in 2010), HMRC's view is that the date of initial payment is crucial to determining which NMPA applies to a particular benefit.[1] For example, a person who receives their first instalment of pension or lifetime annuity, having attained the NMPA in force at that time, can continue to receive payments after the increase to NMPA without triggering unauthorized payments charges, even though they may be below the NMPA that's effective at those future payment dates.

The transitional provisions that HMRC has circulated are intended to cater for cases in which members become eligible for benefits prior to 6 April 2028, but don't obtain payment until after the NMPA increase comes into effect. They cover stand-alone lump sums, drawdown, scheme pensions, lifetime annuities, pension commencement lump sums, pensions commencement excess lump sums, and trivial commutation lump sums (TCLSs). They also allow for cases where the twelve-month window for payment of TCLSs is opened by a payment made to a member aged 55 or 56, by permitting payment of further TCLSs after the NMPA increase (provided they're made within the window).

The consultation period runs from 6 August to 28 September 2026.

We're pleased to see that HMRC is better prepared this time around. When the NMPA rose from 50 to 55, with effect from 6 April 2010, the associated transitional provisions didn't come into force until 6 April 2011 (albeit the effects were backdated).

[1] See *Pension Schemes Newsletters* 38 (December 2009), 44 (December 2010) and 180 (April 2026).

Another IHT Technical Note (just don’t call it guidance)

His Majesty’s Revenue and Customs (HMRC) published *Technical Note 2: Further Information on Inheritance Tax and Pensions*. As with the first Technical Note, published in May 2026, much of the material is concerned with summarizing new requirements regarding the application of inheritance tax (IHT) to some pension benefits for deaths after 5 April 2027. However, it also gives scheme administrators useful practical insights into the information-sharing processes that HMRC expects them to operate.

Those insights include draft HMRC guidance on how administrators should go about validating the identities of a deceased member’s personal representatives (PRs), and draft templates for the notices that PRs will use to instruct administrators to withhold death-benefit payments pending determination of IHT liabilities and to deduct tax from such payments as are made.

Technical Note 2 also opens with a timetable for further developments in the run-up to the April 2027 launch date for the requirements. It indicates that there will be additional consequential amendments to the tax legislation, so that they apply correctly to arrangements like the Local Government Pension Scheme, in which each local fund is treated as a separate scheme for administration purposes; and allowing the ‘*excepted estates*’ exemption to operate when potentially taxable pension benefits are included in the mix. (Excepted estates are ones for which full IHT accounting is not required, because for example they’re of lower value or all of the assets will pass to the deceased’s spouse.)

There will be a *third* technical note in the autumn. It will deal with international matters, the interaction of pensions IHT and income tax, intestacy, charities and trusts.

As with the first technical note, this latest publication states (rather perplexingly) that it is not draft guidance. That will be shared with industry stakeholders during the (fast-approaching) autumn–winter period, and will be published in final form, with supporting materials, in the spring of 2027.

There’s clearly a lot of work being done, and we’re sure that scheme administrators will be appreciative of much of the information that is provided. However, they will be nervous that final guidance may be unavailable until the eleventh hour before the changes take effect.

Fiscal fun time

The inaugural Burnham-era Budget will be delivered by new Chancellor of the Exchequer John Healey on 28 October 2026.

Let the speculation about the imminent abolition of tax-free lump sums and higher-rate contributions tax relief commence...

TPR surveys DC's Voluminous Forthcoming Measures

The Pensions Regulator published two 'overviews' of the forthcoming value-for-money (VFM) framework for workplace money purchase schemes, for which the first assessments will be submitted in 2028.

One of the overviews is aimed at those operating trust-based schemes, covering the latest (July 2026) consultation proposals[2], and detailing changes since the previous exercise that ran from January to March. It also gives an implementation timeline for the changes, and describes the steps that trustees should be taking to prepare.

The other overview is about the proposed central VFM database and how trustees and independent governance committees (IGCs) can prepare to make data submissions. The digital solution that's being developed will allow users to meet their obligations to publish VFM data and evaluate their performance in comparison to other schemes.

HMRC News: August 2026

Pension Schemes Newsletter 184 from His Majesty's Revenue and Customs (HMRC) has articles—

- promoting the consultation exercise on the draft '*normal minimum pension age*' (NMPA) transitional regulations (see separate article in this issue);
- explaining the prerequisites for making an application for '*non-statutory clearance*' (seeking guidance from HMRC in cases of genuine uncertainty about the tax rules);
- responding to queries about schemes disposing of non-standard, 'toxic' assets, noting that if an asset is sold to a member or sponsor (or persons connected thereto), on non-commercial terms, it may give rise to an unauthorized payment and therefore a penal tax liability;
- summarizing the current position on the remedy for the 'net-pay anomaly';
- noting publication of the latest pensions-tax statistics;
- reminding scheme administrators about the 6 October deadline for annual-allowance pension savings statements, and the associated reporting requirements; and
- talking about the plan to legislate in the Finance Bill 2026/27 for '*authorized member surplus payments*' (a new type of lump-sum award by defined-benefit schemes), saying that there'll be a real-time information (RTI) reporting requirement, and that there'll be more details in a subsequent HMRC newsletter.

[2] On 10 August 2026, the Department for Work and Pensions extended the consultation period until 15 September.

Exchanging data with HMRC

A flurry of change alerts on a day toward the end of August led to the discovery that HMRC had been busy updating numerous pieces of online pensions guidance. It turned out that all of the changes reflected the rebranding of the *Secure Data Exchange Service*, which has become the *Transfer files securely with HMRC* service. It seems to be part of a wider initiative by HMRC to adopt a does-what-it-says-on-the-tin naming convention (reminding us of the time when one of us found that builders had left behind a tube of adhesive called *Sticks like Sh*t*).

In the pensions world, this particular change appeared to affect public-service pension schemes (where the implementation of the remedy for *McCloud* discrimination may have tax consequences) and relief-at-source scheme administrators (who need to notify members' residency status annually).

The effects of the switch to the new secure-data-transfer service seem quite narrowly focused, for now. However, an eagle-eyed third-party-administration colleague noted that access did not yet appear to have been extended to 'practitioners' like him, who, in the private-sector occupational pension scheme world, generally undertake any reporting on behalf of the 'scheme administrators' (usually the trustees). That could make things very inconvenient if the new data-exchange system becomes more-widely used.

And Finally…

The Government's draft NPA transitional measures for the move to NMPA 57, aired elsewhere in this serving of *Current Issues*, would treat people aged 55 or 56, in certain circumstances, as having already reached the age of 57. That strikes *AF* as an ingenious approach to the issue, but one that might backfire unexpectedly. For example, *AF*'s Gran, who consistently showed off her aptitude with arithmetic—specifically subtraction—when queried about her age, would have refused to accept the advantageous tax treatment on offer, even if it brought about penal tax consequences.

Age shall not weary them—certainly not if Gran had anything to say about it…

A punny thing happened on the way to the Budget

As noted on the preceding pages, the date of the first Budget under Andy Burnham's leadership has been announced. When they're not scaring people witless with rumours of imminent pensions-tax crackdowns (cracksdown?), news editors will inevitably be racking their brains for some top headline puns.

That could be *Burnham Bridges*, if the new Government manages to alienate a substantial proportion of the electorate. Maybe *Andy Panders*, if it tries to curry favour with taxpayers through giveaways; or *Andy Pandemonium*, if it all goes a bit 'Trussonomics' (the author is not as old as the 1950s children's TV reference implies). *Burnham Issues* is versatile: it could be used positively or negatively. If a headline writer prefers literary allusions/illusions/delusions, perhaps *The Boy Stood on the Burnham Deck* or *Burnham Wood* could be put to ominous use, though the latter really needs a High Dunsinane Hill (and preferably three weird sisters) for completeness.

Of course, it's John Healey who's the Chancellor, not the King In The North. It would be lovely if we all felt *Well Healey'd* after 28 October, because the mood has been more *Down At Healey* recently. If the outcome is truly miraculous, the headline could be about the Chancellor's *Healey Hands*; and if his speech takes a turn toward the messianic, maybe *I Will Healey You* could be deployed, ironically. *In Sickness and in Healey(th)* might be too much of a stretch.

AF would love to see *Spring Healey'd Jack* get a mention, but is also praying that no scenario arises in which demoniacally tinged Victorian folklore would be apposite…

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