

Inform

In this issue:

- › Spring budget 2023 update
- › Pension dashboards
- › Dentons SIPP Portal
- › Consumer Duty
- › Staff news

If there are any subjects that you would like to see discussed, please contact us.

The Spring Budget 2023.

As has been covered widely in the press, the Chancellor, Jeremy Hunt, has announced significant proposed changes to the rules regarding the pensions Lifetime Allowance and to the rules around tax-relievable pension contributions.

Lifetime allowance.

In a move that appears to have come as a surprise to almost everyone, Mr Hunt has announced the proposed abolition of the Lifetime Allowance (LTA). The LTA is the overall amount of pension fund value that a scheme member can accumulate over their lifetime without an additional tax charge arising on its value.

Currently, this is £1,073,100 and, in the usual pre-Budget speculation, it was anticipated that it was going to rise to £1.8m. Instead, Mr Hunt made the shock announcement that the LTA would be abolished altogether from 2024 and that no LTA tax charges would be applicable from 6 April 2023 (effectively meaning that pension scheme members will not be affected by the LTA from that date).

HM Treasury has confirmed that a scheme member's maximum Pension Commencement Lump Sum (PCLS) will be £268,275 (25% of £1,073,100) regardless of whether or not their pension fund value is greater than £1,073,100 and that this figure will be frozen for future years. However, if a scheme member has a greater PCLS entitlement arising from an earlier form of protection, this will continue to apply.

Annual allowance, Money Purchase annual allowance and Tapered annual allowance.

In addition to the above, the Chancellor has also announced increases to the amounts of pension contributions that can potentially be made in a tax-relievable manner. The Annual Allowance (AA) is currently £40,000 - as it has been for a number of years. From 6 April 2023, this is being increased by 50% to £60,000.

The Money Purchase Annual Allowance (MPAA) affects those scheme members who have flexibly accessed their pensions by taking an income (rather than just PCLS) from the fund. It was designed to deter people from recycling pension drawdown income back into pensions and, in recent years, it has been set at £4,000 per annum.

The Spring Budget 2023.

The Chancellor has stated that this will increase to £10,000 per annum from 6 April 2023, meaning that potentially higher contributions can be paid than was previously the case.

The Tapered Annual Allowance (TAA) affects those scheme members whose earnings exceed a certain "threshold income" figure and whose "adjusted earnings" also exceed a certain (but different) figure. The TAA was designed to restrict the amount of tax-relievable pension contributions that a higher earner could pay in / have paid into a pension scheme.

Currently, the threshold income figure is £200,000 and the adjusted income figure is £240,000. These figures had each been lower than this but, in an effort to ensure that senior clinicians in the health sector (amongst others) were not impacted by an AA tax charge, the Government increased them by £90,000 from the 2020/21 tax year onwards. From 6 April 2023, the adjusted income figure will increase to £260,000 meaning that fewer people may be impacted by an AA tax charge based on their earnings.

In addition, the minimum TAA for those scheme members affected will increase from £4,000 to £10,000 per annum. Hence, someone affected by the TAA, will have an available AA of at least £10,000 in that tax year.

Comment

These changes have been announced by the Government to support its "efforts to encourage inactive individuals to return to work" (source: HMRC Policy Paper 15 March 2023).

In particular, it has been widely acknowledged that the Government wishes to encourage senior clinicians in the NHS to return to work/continue to work as a result of these measures.

However, the changes are not restricted to such scheme members and apply across the board.

Many of our scheme members might benefit from the changes outlined above - either from 6 April 2023 or at a later date. However, as we have not seen the full detail of the legislative changes required to enact the new proposals, and nor have they been passed into law (as at time of writing), we suggest that great care should be taken when making any decisions. We would strongly encourage scheme members to seek financial advice from their advisers, should they have one.

Tax year end - pension contributions

As we fast-approach the end of the current tax year (5 April 2023), please ensure that any pension contributions you'd like to make (or have made on your behalf) in the current tax year are paid and cleared into your SIPP/SSAS bank account on or before 5 April 2023. For any clients who wish to pay by cheque, we will need to receive the cheque by Wednesday 5 April 2023 in the Dentons Pensions office.

Please speak to your financial adviser (if you have one) if you intend to make a pension contribution prior to 6 April 2023 and/or if have any questions about "carry forward" of used Annual Allowance from previous tax years.



Pensions Dashboards

"The Government has formalised its intentions to deliver pensions dashboards through the Pension Schemes Act 2021 and The Pensions Dashboards Regulations 2022.

Pensions dashboards will enable individuals to access their pensions information online, securely and all in one place. Dashboards will provide clear and simple information about an individual's multiple pension savings, including their State Pension." (source: Pensions Dashboards Programme)

Like most pension providers, we have been working hard to ensure that we are going to be ready to feed data into Pensions Dashboards. At the current time, the Government has decided to delay the proposed implementation dates. We will let you know once a revised implementation date has been announced.

Useful links

Government spring budget

> Pension Tax Limits (HMRC)

Pensions dashboard

> Latest news

Dentons Pensions

> Lifetime allowance

> Pension contributions

> Carry forward

www.dentonspensions.co.uk



Dentons' secure SIPP Portal

We continually review the functionality of our SIPP Portal and the information available to clients. Currently, you have access to key information including:

- > a list of all current assets with valuation dates
- > daily valuation of the default Cater Allen cash bank account
- > daily valuation downloads from companies such as Ascentric, Barclays, Brown Shipley, Investec Wealth & Investment, Selftrade and LGT Vestra - showing notional valuations. We continue to work with other providers to build on this service
- > contributions made during the current tax year and each tax year from 2017/18

- > transfers into and out of the SIPP
- > benefits taken - with details of uncrystallised funds pension lump sum (UFPLS), flexi-access drawdown or capped drawdown
- > view all SIPP documentation including bank statements, trust deeds, benefit reviews and annual statements as well as a range of general SIPP documents such as fee schedules, key features and terms of business.

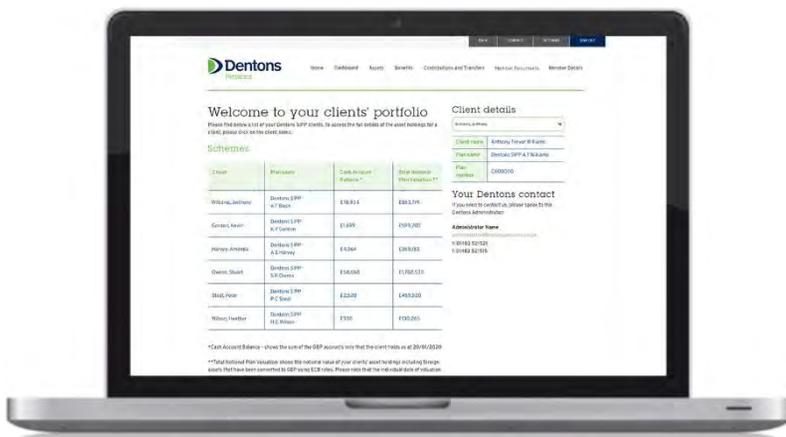
In addition, we will also shortly be making payslips, financial statements and fee invoices available through the Portal, as we strive to reduce the amount of paperwork issued to you through the post.

Consumer Duty

“A new Consumer Duty.....will set higher expectations for the standard of care firms give consumers.” (source: Financial Conduct Authority (FCA)).

The FCA has published a Policy Statement in relation to its new rules for financial services firms it regulates - firms such as Dentons. These new rules, once they come into force, aim to ensure that all regulated firms deliver good outcomes to their customers.

As part of our ongoing preparation for the implementation of the new rules, we will be communicating further with our clients and introducers in the form of ad-hoc surveys, so please watch-out for these and please do respond if possible.





Staff news!

At Dentons, we actively encourage and support our members of staff to engage in educational and continuing professional development to enrich and enhance their careers at Dentons.

A number of our colleagues have recently celebrated exam success.

Andy Powell - Marketing Executive
Professional Certificate in Digital Marketing - Applied Marketing

Fay Govett - Pensions Manager
RO1 - Financial Services, Regulation and Ethics

Kerry Way - Senior Pensions Administrator
RO5 - Financial Protection

Financial Adviser Service Awards

In late November 2022 we were delighted to announce that we've been awarded our tenth 5 star award in ten years at the Financial Adviser Service Awards.

This award is voted for by financial advisers and we are proud to say that we are the only bespoke SIPP provider to receive nine 5 star ratings over recent years.

Dentons has continuously been available for clients and advisers to call or email us, and to receive high levels of support and quick turnaround times they have become used to. For us, it has been important for us to keep regular contact with our introducers and we've delivered a range of webinars, industry updates and training sessions.



Disclaimer:

The content of this Client Update should not be taken as being professional advice and reflects Dentons interpretations of the current law and Her Majesty's Revenue and Customs (HMRC) rules. Whilst all reasonable efforts have been made to ensure this document is accurate and up to date, no representations or warranties, either expressed or implied, are given as to the reliability, accuracy or completeness of the information contained in the Update. Any opinions expressed are judgements at the time of writing and are subject to changes without notice. To the extent permitted by law or regulation, no liability is accepted for any damage or loss, including, without limitation, loss of profit, whether direct, indirect or consequential, in respect of the use of this material.

Contact us

For more information about any of the subject matters raised in this Update, please contact us.

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If you move home, change your name or other personal details; please contact us as soon as possible by email to your Administrator or enquiries@dentonspensions.co.uk to ensure we keep your records up to date.



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