



Pension Reforms

DC schemes

From 6 April 2015 the following changes come in to effect;

- Changes to the tax regime mean flexible access to DC savings (depending upon scheme rules or trustee use of overriding powers of payment);
- Reforms to the regime for existing and new drawdown funds;
- Changes to the taxation of pension savings at death;
- A new Money Purchase Annuity Allowance if an individual accesses their pension savings flexibly;
- Minimum age for most individuals taking small pots will change from 60 to age 55;
- Removal of the barrier on transfers that applied if the member's pensionable service terminated within one year of their NPA.

DB schemes

DB scheme trustees will be required to ensure members receive appropriate independent advice for certain DB to DC transfer requests. DB scheme trustees should also note:

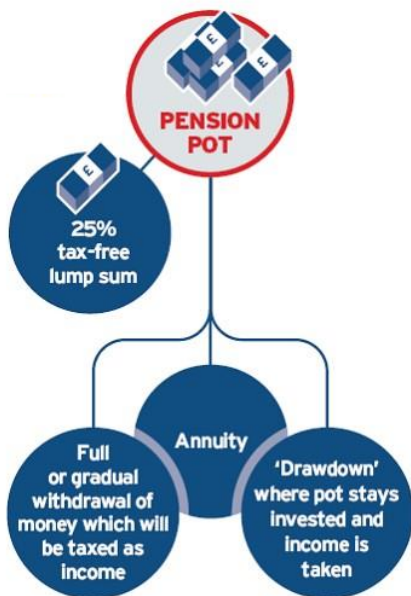
- Reforms to the regime covering trivial commutation and small pots;
- Impact for DB schemes with money purchase AVCs;
- Issues around partial transfer requests.

Governance of DC schemes

Key governance for trustees include;

- Requirement to appoint a chair of trustees;
- Production of an annual statement covering governance;
- Chair of trustees is required to sign off a statement confirming compliance with the new regime;
- Focus on trustee knowledge and understanding;
- Production and review of statement of investment principles;
- Regular review of the scheme's core financial transactions.

How the new pension system will work



DC scheme charges

Trustees will be required to;

- Calculate charges and transaction costs borne by the member and consider whether these represent good value for money
- Annual statement should include level of charges and costs along with an assessment of whether this is good value.