

Article placed in FT Adviser

Pensions schemes – an alternative to turkey and alcohol

January 2011

HMRC published their Pension Schemes Newsletter number 44 just before Christmas.

For anyone not looking forward to the usual over indulgence in turkey, alcohol and all things good the Newsletter offered up the alternative of a quick run through of the recent Government initiatives including information on EFRBS, annuitisation and changes to the level of the annual and lifetime allowance.

I opted for the turkey and alcohol route but as I settle in to a January detox a post Christmas review showed a few snippets of interest.

EFRBS

As suggested in an earlier blog the government has EFRBS in their sights.

Legislation will be introduced in Finance Bill 2011 to tackle arrangements involving trusts or other vehicles used to reward employees that seek to avoid or defer the payment of income tax or National Insurance contributions.

This will include the provision of retirement benefits through an EFRBS outside a registered pension scheme.

The legislation will ensure that where a third party makes provision for what is, in substance, a reward or recognition or loan in connection with the employee's employment, an income tax charge arises.

The value of the provision will be based on any sum of money made available or on the higher of the cost or market value where an asset is used to deliver the reward or recognition.

The amount concerned will count as a payment of employment income and the employer will be required to account for PAYE accordingly.

Change in Normal Minimum Pension Age (NMPA) – the current position

On 6 April 2010 the NMPA went up from 50 to 55.

In the lead up to the change HMRC made a series of announcements concerning the post 6 April 2010 rules governing individuals who had crystallised benefits when they were aged between 50 and 54 but who had not reached age 55.

These announcements covered whether individuals could:

- continue to take, or start taking, their pension payments before they reached 55;
- transfer to a new USP arrangement before they reached age 55; and
- move to a lifetime annuity or scheme pension from a USP fund before age 55.

The end position was that individuals who had crystallised pre 6 April 2010 could draw a pension regardless of whether they had started to receive it before 6 April 2010, and could transfer to another USP fund before age 55.

However purchasing a lifetime annuity or moving to a scheme pension from a USP fund where the individual had not reached 55 would lead to a loss of the NMPA of 50, and so result in unauthorised payments.

Change in NMPA – the new position

HMRC has announced that purchasing a lifetime annuity or moving to a scheme pension will now be an authorised payment for those aged 50 to 54 who are in USP.

Best wishes for 2011!

Billy Mackay
Marketing Director
A J Bell

END

Please note this document is intended for trade and national press individuals.

Notes for Editors

Pictures available by contacting kirsty.zollinger@ajbell.co.uk.

Billy Mackay
Marketing Director
07525 236 580

Andy Bell
Chief Executive
07973 137 272

Kirsty Zollinger
PR & Events Manager
0845 40 89 100

billy.mackay@ajbell.co.uk

andy.bell@ajbell.co.uk

kirsty.zollinger@ajbell.co.uk

A J Bell is continuing to grow rapidly in challenging capital markets. Invesco Perpetual and Midas Capital own 37% and 10% respectively of the share capital, the remainder being owned by Andy Bell and the management team.

Established in 1995, A J Bell specialises in providing administration, trustee and actuarial services for SIPP and SSAS.

A J Bell is now the largest privately owned provider of self administered pensions and stockbroking services in the UK, with in excess of 48,300 individual SIPPs and assets under administration exceeding £13.7bn. It also provides third party SIPP administration services for Barclays Stockbrokers, Halifax Share Dealing, Skandia and TD Waterhouse.

Our customer proposition - Market leading, low cost, transparent, service, value, choice, leading functionality, integrity, award winning.

Our business - Market leaders, growing, innovative, own intellectual property, profitable, stable, we don't provide advice or investment management.

Research by CoreData Research places Sippcentre alongside Standard Life as advisers' two most preferred SIPPs.



A J Bell includes A J Bell Holdings Limited and its wholly owned subsidiaries A J Bell Management Limited, A J Bell Limited and A J Bell Securities Limited.

A J Bell Management Limited is authorised and regulated by the Financial Services Authority. A J Bell Securities Limited is a member of the London Stock Exchange and is authorised and regulated by the Financial Services Authority.

Sippdeal, Sippdealxtra and Sippcentre are platforms provided by A J Bell Management Limited. A J Bell Platinum SIPP is provided by A J Bell Management Limited. A J Bell Platinum SSAS is provided by A J Bell Limited.

The companies listed in the adjacent table are all registered in England and Wales at Trafford House, Chester Road, Manchester M32 0RS.

Company	Company Number	VAT Number
A J Bell Holdings Limited	4503206	833 5478 13
A J Bell Management Limited	3948391	759 3531 03
A J Bell Limited	3091664	639 0316 44
A J Bell Securities Limited	2723420	918 4226 21