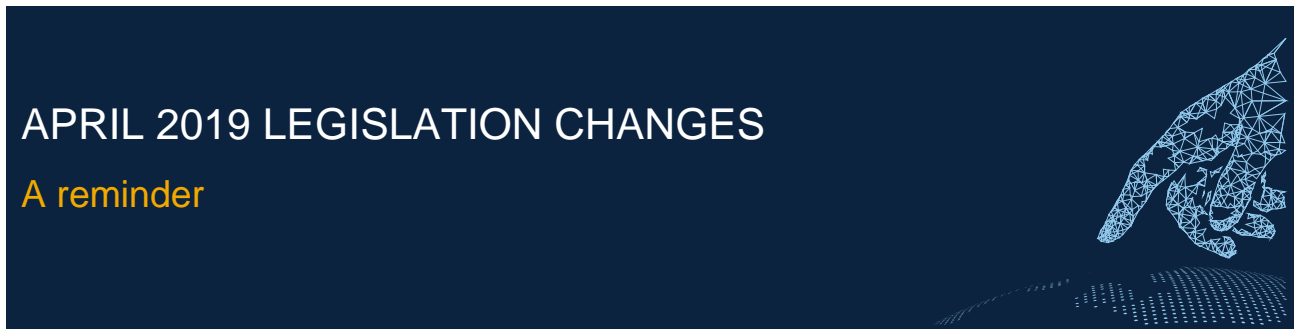


CLIENT ALERT

JLT EMPLOYEE BENEFITS | 10/2019 | MARCH 2019



APRIL 2019 LEGISLATION CHANGES

A reminder

SUMMARY

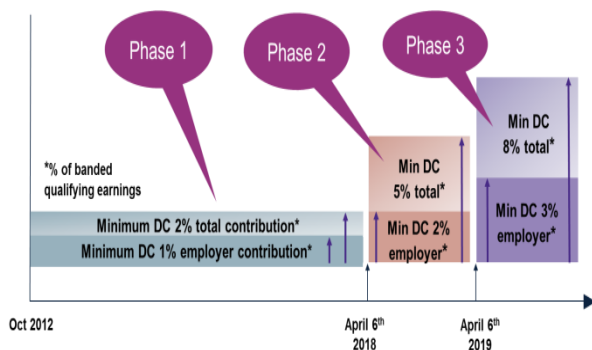
A number of changes to pensions legislation take place in April 2019. The key reforms affecting trustees and sponsors of workplace pension schemes are summarised in this Alert.

AUTO-ENROLMENT

Minimum contributions

The second transitional period (phase) for minimum contributions to qualifying schemes used for auto-enrolment ends on 5 April 2019.

From 6 April 2019, the 'steady state' for contributions begins (meaning no further increases are planned). From that date, mandatory employer contributions increase from 2% to 3% of qualifying earnings, with total minimum contributions (including tax relief) increasing from 5% to 8%.



Minimum contributions will be different for schemes that do not use qualifying earnings. The minimum rates are in Pensions Regulator guidance¹.

Thresholds

The qualifying earnings band for workers who are auto-enrolled are being amended as follows:

- The lower end of the band increases from £6,032 to £6,136
- The upper end of the band increases from £46,350 to £50,000.

The earnings trigger remains at £10,000 for 2019/20.

DC COSTS AND CHARGES

Following on from changes effective April 2018, from 6 April 2019, regulations require trustees to disclose certain information about pooled funds, including the international securities identification number allocated in relation to each collective investment scheme in which assets are directly invested on behalf of a member.

This information must be prepared and disclosed within two months to any members or recognised trade unions who request it.

Annual benefit statements must also refer to how this information may be obtained.

'LTA'

The 'standard' lifetime allowance (for those without any of the various forms of HMRC protection) is increased from £1.03 million to £1.055 million.

¹ <https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/dq-4-appendix-b.ashx>



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The uprating reflects the rise in the Consumer Prices Index for the 12 months ending September 2018.

NEW NAME FOR 'SFGB'

Regulations, effective 6 April 2019, name the Single Financial Guidance Body (SFGB), the replacement for Pension Wise, the Money Advice Service and the Pensions Advisory Service, as the "*Money and Pensions Service*" (MPS).

STATE PENSIONS

The full weekly rate of the new State pension will increase from £164.35 to £168.60 from 8 April 2019.

For those who reached State pension age before 6 April 2016, the full weekly rate of the basic state pension will rise from £125.95 to £129.20 (also with effect from 8 April 2019).

COMMENT

No major reforms, but pension scheme documentation may need to be updated to reflect these changes.

CONTACT

JLTPP@JLTGROUP.COM