

The following outlines key regulatory and legislative activity impacting on the UK personal finance, pensions and financial planning industry in the coming month. **AJ Bell Director of Public Policy, Tom Selby,** and **Head of Public Policy, Rachel Vahey,** are available to discuss any of these topics.

Key things to look out for in the next few months:

- **Responses due on the policy paper on the advice/guidance boundary review:** the FCA and Treasury published a policy paper in early December putting forward proposals on changing the advice/guidance boundary, introducing a new option of targeted support, and a new simplified advice regime
- **Finance Bill to get Royal Assent:** the bill setting out the final rules for abolishing the lifetime allowance is due to become an Act this month. However, the industry is still seeking clarity on several areas, including transitional rules
- **FCA to publish conclusion of its thematic review into retirement income advice:** FCA has been doing a deep dive examining the advice clients receive on how and when to take retirement income from pensions
- **Consultation on Value for Money:** the FCA and TPR are expected to publish a joint consultation very shortly on the new Value for Money framework for automatically enrolled pension schemes

Could targeted support close the 'help gap'?

- The deadline for responding to the FCA and Treasury's policy paper on proposals to close the advice gap is 28 February
- The paper set out three sets of proposals: further clarifying the boundary between advice and guidance, creating targeted support to help people, and developing a simplified advice regime
- These should help the FCA meet its target of reducing the 8.6 million people holding more than £10,000 in cash by 20%
- Consumer Duty provides a good platform to implement these changes



Tom Selby, Director of Public Policy at AJ Bell, comments:

"Millions of people in the UK have taken that all-important first step in choosing to save or invest for their financial future. But that doesn't mean it's all plain sailing. Often investors can struggle to make the best decisions for their circumstances."

"There's no doubt many need more help. Although regulated financial advice is rightly held up to be the gold standard, many people either don't want to or can't access it."

"We welcome the Treasury and FCA's commitment to find a different way of tackling the help gap. By allowing providers to offer more tailored guidance, targeted support could help individuals make sense of their savings and pensions."

"There are still areas where the detail needs to be agreed, for example in making sure people understand the context of the help they get. Consumer Duty will make sure that any new regime will be implemented in a way that benefits rather than harms consumers."

"If developed within a flexible set of rules, targeted support could be a gamechanger in making the leap to a place where investors get the nudges and support they need, and, ultimately, the better financial life they want."

Full pensions tax details still to emerge

- Finance Bill is due to receive Royal Assent later this month, and the new pension tax rules come into effect from 6 April 2024
- However, HMRC acknowledge further changes are needed to the legislation and intend to issue regulations to correct some aspects
- The pensions industry is waiting for detailed guidance on some areas of the legislation, especially transitional rules



Rachel Vahey, Head of Public Policy at AJ Bell, comments:

"In only a few weeks' time the pension tax rules will dramatically change. Out goes the lifetime allowance, and in comes three new allowances."

"There is no doubt this new legislation has been rushed in. Even though we expect the Finance Bill to receive Royal Assent in February, HMRC has already acknowledged further changes are needed and intends to issue regulations to change the detail. It wants to change the rules on pension commencement excess lump sums, scheme-specific lump sum protection, and reporting lump sums to HMRC."*

"This creates an unstable environment for financial advisers trying to understand the new legislation and what it means for their clients. It makes it difficult to rely on the rules as written, and advisers need to be eagle-eyed in watching out for further guidance updates and newsletters from HMRC, as the detail drips out."

"Instead of rushing in this new legislation, it would have been better for HMRC to give the industry time to 'kick the tyres' on it and make sure it works practically for both pension savers and providers."

"We might be about to get the final act of legislation, but this doesn't mean we have the whole picture."

**GOV.UK – Pensions Scheme Newsletter 155*

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Regulatory Outlook diary:

This is a summary of key policy and regulatory developments expected this year and beyond. Dates are correct at the time of publishing but are subject to change according to updates issued by regulators, government departments and other relevant bodies.

What	When	Who	AJ Bell View
2024 - Quarter 1			
DWP to publish new General Levy for pensions, including whether smaller schemes will face an additional £10,000 premium. (Changes from April 2024)	Expected February	DWP	
HMRC publish regulations for new ISA changes due from 6 April 2024	Mid-February	HMRC	Chancellor Tinkers With ISA Rules But 'Bottles' Opportunity for Radical Reform to Benefit Savers
Finance Bill 2024 receives Royal Assent (includes changes for pensions tax)	Mid-February	HMRC	Government confirms pension tax rules following lifetime allowance abolition
Consultation closes on HMT/FCA policy paper (DP23/5) on the advice guidance boundary review	28 February 2024	FCA	FCS Sets Out Plans to Tackle 'Help Gap'
FCA consultation closes on Compensation Framework Review – including consultation paper and 'outreach programme' to industry and consumer groups	20 March 2024	FCA	
Government to discuss with industry plans to allow certain fractional shares to be held within ISAs, as well as plans to digitalise ISA reporting	Expected Q1	HMRC	Chancellor Tinkers With ISA Rules But 'Bottles' Opportunity for Radical Reform to Benefit Savers
FCA to consult on the Future Disclosure Framework	Expected Q1	FCA	
FCA to publish outcome of their thematic review of Retirement Income Advice	Expected Q1	FCA	
DWP to set up an industry working group to develop a multiple default consolidator (for small pots consultation)	Quarter 1	DWP	Government Sets Out Plans to tackle £27 Billion 'Lost' Pension Pots Problem
DWP consult on extension of automatic enrolment, including to younger ages and for all of salary	Possibly Q1	DWP	Government confirms £45 billion automatic enrolment expansion plan ... six years after accepting review recommendations
DWP/TPR/FCA publish draft guidance on preferred connection deadlines to the pensions dashboard	Expected Q1	DWP/ TPR/ FCA	Pensions Dashboards Connection Date Delayed Again Until 2026 AJ Bell Launches Free Pension Finding Tool to Track Down the UK's £26bn Lost Retirement Savings
Treasury to publish outcome on ban on cold calling for consumer financial services and products	Expected 2024 – could be Q1	HMT	Government Sets Out Plans to Ban Cold-Calling for All Financial Products
April			
Self-employed National Insurance Contributions (Class 4 NICs) to be cut from 9% to 8%	6 April 2024	HMT	National Insurance Cut Saves a Working Couple £1,500 a year
Self-employed Class 2 National Insurance Contributions are scrapped	6 April 2024	HMT	National Insurance Cut Saves a Working Couple £1,500 a year
New ISA rules to come into force, including allowing subscriptions to multiple ISAs of the same type	6 April 2024	HMRC	Chancellor Tinkers With ISA Rules But 'Bottles' Opportunity for Radical Reform to Benefit Savers
Reduction in the dividend tax free allowance to £500	6 April 2024	HMRC	Tax bills set to spiral as Chancellor confirms deep freeze on personal taxation
Reduction in the capital gains allowance to £3,000	6 April 2024	HMRC	Tax bills set to spiral as Chancellor confirms deep freeze on personal taxation
New pensions tax regime (based on lump sums tests only) begins	6 April 2024	HMRC	Government Confirms Pension Tax Rules Following Lifetime Allowance Abolition
Later in 2024			
FCA, working with the DWP and TPR, to consult on rules to develop a VFM framework for workplace pensions	Spring 2024	FCA	Pension league tables expected as regulators given power to relegate poor performers
Anti-greenwashing rule and guidance comes into force	31 May 2024	FCA	
FCA to publish Policy Statement on Diversity and Inclusion in financial services	H2 2024	FCA	
FCA to publish results of pensions behavioural field trials to test touchpoints for engaging customers with their pension, with a focus on decumulation	Q2 2024	FCA	
Guidance to come into force on new DB scheme funding rules	Q2 2024	TPR	
Consumer Duty comes into force for closed products	July 2024	FCA	
Firms can begin to use Sustainability Disclosure labels with accompanying disclosures	31 July 2024	FCA	
Deadline for making a deferral application for connecting to pensions dashboards	8 August 2024	DWP	Pensions Dashboards Connection Date Delayed Again Until 2026 AJ Bell Launches Free Pension Finding Tool to Track Down the UK's £26bn Lost Retirement Savings
FCA to conduct a Consumer Duty Implementation review	2024	FCA	
FCA to conduct a post-implementation review of the guidance for firms on the fair treatment of vulnerable customers	2024	FCA	
FCA to publish Policy Statement and final rules on expansion of the dormant assets scheme (second phase)	2024	FCA	
FCA to publish final rules on the regulatory frameworks for commercial pension dashboard operators	2024	FCA	Pensions Dashboards Connection Date Delayed Again Until 2026 AJ Bell Launches Free Pension Finding Tool to Track Down the UK's £26bn Lost Retirement Savings
DWP to take forward the legislation to place a duty on trustees to offer a decumulation service to their members, including liaising with the pensions industry on a suitable CDC decumulation model.	When parliamentary time allows	DWP	
2025 and beyond			
Stamp duty tax cut ends – doubles to £250,000	March 2025	HMRC	Six things Jeremy Hunt should address at this month's Budget
State pension age (SPA) to increase to 67	Between 6 April 2026 – 5 April 28	DWP	
Final connection deadline for pensions dashboards	31 October 2026	DWP	Pensions Dashboards Connection Date Delayed Again Until 2026 AJ Bell Launches Free Pension Finding Tool to Track Down the UK's £26bn Lost Retirement Savings
Freezing of tax thresholds until	5 April 2028	HMRC	
Freezing of IHT nil rate band until	5 April 2028	HMRC	Families face extra £170,000 inheritance tax bill because of tax threshold freeze
NMPA rises to 57 (unless protected)	6 April 2028	HMRC	