

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 head of policy development, Rachel Vahey, and AJ Bell head of retirement policy, Tom Selby, are available to discuss any of these topics.

Key things to look out for in September

- **5 September** – responses due to a series of DWP consultations, including on the framework for an automatic consolidator of small pension pots, as well as how defined contribution pension schemes can support their members in using their private pension savings at the point of access
- **12 September** – responses due to HMRC on draft legislation for the Finance Bill 2023-24, including on how the lifetime allowance is abolished
- **27 September** – consultation closes on extending cold-calling ban to all financial products

Industry responds to DWP consultation on how to help pension savers understand their pension choices

- The DWP issued a number of consultations as part of their announcement of the new Mansion House compact
- In the consultation on 'Helping savers understand their pensions choices' the DWP proposes trustees should have a duty to offer suitable decumulation services to their members, including a default option
- Consultations close on 5 September 2023



Tom Selby, head of retirement policy at AJ Bell, comments:

"The decisions on how and when to access pensions is crucial in helping pension scheme members choose the best solution for their pension savings. So it's only right that trustees are given a specific duty to help their members understand their choices."

"Trustees should be able to offer their members a wide selection of possible choices, including drawdown, so that pension savers can choose the best option for their personal circumstances."

"However, it's difficult in practice to put in place a 'default option'. Some ways of accessing pension savings are irreversible – such as buying an annuity – so it makes sense members should always be supported to make an active decision to choose the solution that best suits their needs."

"Trustees need to be clear what information and support they can offer their members, without straying into giving advice. The joint Treasury and FCA review of the advice guidance boundary should consider this aspect and make sure trustees and employers are given the confidence to help their members."

Creating a new pensions tax regime

- On 18 July, the government set out for consultation proposed new rules to replace the pensions lifetime allowance from 6 April 2024
- Under the new regime, there would no longer be a test on income taken – instead only tax-free lump sums taken in life would be tested, as well as lump sums paid out on death or in serious ill health
- The draft legislation is missing important clauses, for example on transitional arrangements, and there are also areas of potential policy change which are, at the moment, unclear
- The consultation on these draft proposals closes 12 September



Rachel Vahey, head of policy development at AJ Bell, comments:

"The clock is ticking on finalising the new pensions tax rules in good time before the government's implementation date of 6 April 2024. With only months to spare, it's important financial advisers and their clients understand completely how the new rules will work in practice."

"However, the draft legislation is missing key information – such as the rules for transitional arrangements – making it difficult to fully understand the new regime."

"Financial advisers and their clients also need clarity on some possible shifts on pension policy. For example, it's unclear whether the government will go through with a proposal to, in future, tax the income beneficiaries receive when someone dies before age 75."

"Another area of confusion is whether someone could, in the new regime, take their whole defined benefit scheme as cash, albeit subject to income tax."

"The decision to scrap the lifetime allowance had the potential to be a hugely positive step in making pensions simpler for millions of people and ditching a significant disincentive to save for their financial future. However, if this also means a shift in other areas of pension policy the government needs to be transparent about these changes."



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
July			
Pensions Dashboards Programme (PDP) and Department of Work and Pensions (DWP) informally collaborate with industry to set new guideline for connection dates.	Summer	DWP/PDP	Pensions dashboards kicked into the long grass just months before key delivery deadlines
CLOSES: DWP consultation on new automatic consolidator framework for small pots	5 September	DWP	Government sets out plans to tackle £27 billion 'lost' pension pots problem
CLOSES: DWP consultation paper on 'Helping savers understand their pension choices' covering principles-based decumulation communication for OPS	5 September	DWP	
CLOSES: DWP consultation on 'Pension trustee skills, capability and culture'	5 September	DWP	
CLOSES: DWP consultation on DB Options, the development of policy options to increase protection for DB members while supporting wider economic initiatives	5 September	DWP	
CLOSES: HMRC consultation on the new pensions tax framework following abolishment of lifetime allowance	12 September	HMRC	Government urged to clarify new pension tax rules as new 'death tax' for pensions proposed
CLOSES: HMRC consultation on moving to the digitalisation of the administration of the Relief At Source pension tax system	12 September	HMRC	
CLOSES: FCA CP23/15 'The Framework for a UK Consolidated Tape'	15 September	FCA	
CLOSES: Government consultation on extending cold-calling ban to all financial products	27 September	Home Office	Government sets out plans to ban cold calling for all financial products
Autumn / Winter 2023			
New SMP1 requirements – AS TM1 version 5.0 -where growth rate assumptions for illustrations are linked to volatility	1 October	FRC	
CLOSES: Government consultation on 'Local Government Pension Scheme: next steps on investment'	2 October	Government	
FCA publish Policy Statement on sustainability disclosure requirements (SDR) and investment product labels	Q3	FCA	
FCA publish policy paper on the advice guidance boundary review	Autumn	FCA	FCA confirms 'core advice' plans on hold as advice guidance boundary review kicks into gear
FCA consultation on the Future Disclosure Framework	Expected Q3/Q4	FCA	
Independent review of The Pensions Ombudsman (TPO)	Autumn	DWP	
DWP consult on extension of automatic enrolment to younger ages and for all of salary	Autumn	DWP	Government confirms £45 billion automatic enrolment expansion plan ... six years after accepting review recommendations
DWP consult on lifetime pension ('stapling')	Autumn	DWP	
FCA: Consultation on proposed changes to rules to develop a VFM framework	Possibly Autumn	FCA	Pension league tables expected as regulators given power to relegate poor performers
DWP: Consultation on proposed changes to regulations to develop a VFM framework	Possibly Autumn	DWP	Pension league tables expected as regulators given power to relegate poor performers
FCA consultation on Compensation Framework Review	Expected Q4	FCA	
DWP to consult on amending collective defined contribution (CDC) regulations	Later in 2023	DWP	
Implementation date for FCA new rules on default funds and cash warnings for non-workplace pensions	1 December	FCA	FCA confirms plans to introduce defaults and cash warnings for non-workplace pensions but backs away from mandatory 'lifestyling'
2024			
FCA's policy statement expected on new Compensation Framework	By April 2024	FCA	
Treasury pass Statutory Instrument (SI) which will enable FCA to deliver the new smarter financial services regulatory framework and then repeal the Packaged Retail and Insurance-based Investment Products (PRIIPS) regulation	By 2024	HMT	
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		Government urged to clarify new pension tax rules as new 'death tax' for pensions proposed
Consumer Duty comes into force for closed products	July 2024	FCA	
FCA to conduct a Consumer Duty Implementation review	2024	FCA	
Later			
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	State pension age rise decision to be pushed beyond general election
Freezing of tax thresholds until	5 April 2028	HMRC	Income Tax threshold freeze for middle earners
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	Think tank calls for tax-free cash cap and hike in minimum access age to tackle labour market challenges

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