

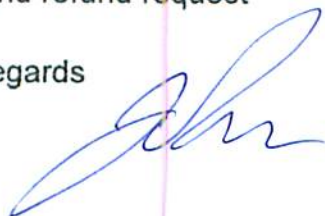
MEAD HOUSE LTD PENSION SCHEME

15/06/12

Gavin

Enclosed correspondence with L&G regarding our complaint
and refund request

regards



With Compliments

15 The Glade
Storrington
West Sussex
RH20 4GL

MEAD HOUSE LTD PENSION SCHEME

15 THE GLADE STORRINGTON WEST SUSSEX RH20 4GL

Tel: 01903 368571

email: jaykayworm@gmail.com

Mr Nigel Wilson CEO
Legal & General
Kingswood
Tamworth
Surrey KT20 6EU

23 May 2012

Dear Mr Wilson

I am writing to you to ask you to look into my complaint made to Julie Noble.

Please read through the correspondence on your file between Becky Kerry and ourselves, from September 2009 to date, also Julie Noble's letter stating she could not consider a refund of charges for the transfer of our SSAS scheme-T301 to Pension Practitioners, please also consider we received no time sheets for the work carried out on our account, after continually asking for them, the subject was totally ignored.

I have made the point that we did not receive any advice or invoice for the charge of £2200 taken from our account, we found the charge some months later when we requested the end of year bank account.

I did tell Becky and Julie in my opinion your computer records were not up to date, this caused the initial problems with the share transfers, and the land registry, and created a situation in the early stages from which L&G and P P have never recovered, and the transfer is still not complete some three years after giving you notice, L&G continually blame P P but the blame can not be completely one sided, as outlined above, neither company recovered from the mess made by L&G from the start.

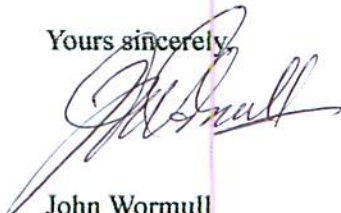
I highlight the fact that we received no notification of the supposedly bulk letter sent to your clients in 2006 stating L&G would keep the share certificates and bank account in L&G's name, to give us the best service, we were not given the chance to object, I asked for a copy of the bulk letter but the request was ignored. If L&G had passed the ownership of the shares, property land registry, and bank account to us in 2006; everything could have been transferred without delay and you would not be expecting us to pay for the mountain of work you created.

I maintain, that by taking the cash from our account without any reference to us, raising no worksheets or invoices, amounts to unfair practice, and a refund of the £2200 plus VAT should be made.

If you have any query with our complaint, I will be happy to visit you at your office to discuss the matter.

I look forward to a favourable reply.

Yours sincerely,



John Wormull
Senior Trustee of
TMHLPS

Our ref
Your ref
Ext
Date

Workplace Savings/213/ MG/963
01737 375357 (calls charges will vary)
8 June 2012



Mr J Wormull
Mead House Ltd Pension Scheme
15 The Glade
Storrington
West Sussex
RH20 4GL

**Legal & General
Assurance Society**
Legal & General House
Kingswood
Tadworth
Surrey KT20 6EU

Telephone 01737 375357
Fax 01737 365113

Dear Mr Wormull

Mead House Ltd Pension Scheme

Thank you for your letter of 23 March 2012 addressed to our Group Chief Executive Officer, Tim Breedon. Tim has passed your letter to me as Group Executive Director (Savings). I'm sorry that you have felt the need to complain, and I hope that the following is of assistance.

I attach Becky Karry's letter of 29 November 2010 that explained that an invoice would be raised for 20 hours of our work. This did follow a series of emails from her. I apologise that the invoice was not sent on to the Trustees but note Judy Noble attached this to her letter of 4 July 2011.

I also attach Becky's letter of the 10 January 2011 that provided more details concerning the work undertaken and the difficulties that were met. The accounting information was forwarded separately to Becky's letter on 12 January 2011.


I believe that the fee made in this instance was appropriate.

You mentioned you did not receive our bulk letter that referred to new legislation applying in 2006. I attach a copy of our letter of 2 December 2005 to the Trustees of Mead House Limited Pension Scheme.

If you do have any queries, you can contact my colleague Dave Figg on the direct number shown above. Dave is normally in the office between 9.00am and 5.00pm. We may record and monitor calls.

I trust the above does explain the position and, if required, I note that Judy Noble has provided your referral rights to the Pensions Advisory Service (TPAS).

Yours sincerely


Mark Gregory
Group Executive Director, Savings
Kingswood

Enc - Letters 2 December 2005, 29 November 2010, 10 January 2011.

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Registered in England No. 00166055
Registered in England No. 01009418
Registered in England No. 02457525

Our ref WSD/K216/SSAS/T301/RLK
Your ref
Telephone 01737 375724
Date 10 January 2011

PRIVATE & CONFIDENTIAL

Mr J A Wormull
Meadhouse
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Fax 01737 362977
Direct Fax No 01737 375002

Dear John

Mead House Limited Pension Scheme - T301/RLK

I refer to your letter dated 2 December.

Firstly, I'd like to clarify the position regarding our annual administration charge. Our last invoice was raised on 29 January 2009, covering the year from 1 January to 31 December 2009. Legal & General was removed from our role as Corporate Trustee/Scheme Administrator on 20 November 2009, at which point our usual services ceased. However, we recognise that in these situations there is a handover period where we have a duty to continue to act, albeit with no ongoing requirement to provide our full range of services.

Whilst you were keen for the handover to be finalised by 31 December 2009, I considered a more reasonable timescale (based on our experience taking over Schemes from other providers) for the handover was to 31 March 2010. I wrote to you by email on 12 April 2010 to confirm that we would not raise any additional charges for the period from 1 January to 31 March 2010. I also explained that we'd have no alternative but to charge for the time spent from 1 April 2010 if the handover was not finalised by 30 April 2010. This was then confirmed, again by email, on 6 May 2010.

So, I too am surprised that we have still not been able to finalise the transfer of your Scheme to Pension Practitioner, as more than a year has now passed since Legal & General was formally removed from our role.

I also agree that this should be a relatively straightforward exercise - we have indeed provided Pension Practitioner with full details of our records, including the investments held by the Scheme and copies of all share certificates (they now hold all of the originals). The time that we have spent, and which you are now being charged for, has mainly been to correct the documentation (once it was finally received) to re-register the various share-holdings. We have also spent time banking all the dividends that we are still receiving whilst the shares are being re-registered - 22 separate cheques during the year ending 31 December 2010 - and keep you informed of all share offers/rights issues etc.

As requested, I will arrange copies of the accounting information to 31 December 2010 to be provided, together with a full list of shareholdings. Please note, however, that we are no longer responsible for preparing full records relating to the Scheme's accounts.

On a separate point, I note that we've not been asked to confirm the value of the Scheme's cash balances we are holding at any time during 2010 - presumably these have been taken into account when the yearly review of yours and Kath's Alternatively Secured Pension limits were carried out in May and August?

So, although I can confirm that no error was made when calculating the hours we've worked from 1 March 2010, I appreciate that the timecost charge of £3,000 for 9 months of last year is the same level as the annual fee that we charged when we were providing our full range of services.

On that basis, I'm prepared to reduce the fee to £2,250 plus VAT. However, I'm aware that the increase in the VAT rate to 20% will now result in a higher amount being deducted from the Scheme's account. To ensure that the Scheme's not in a worse position than it would have been if the fee had been deducted at the end of last year, I'll further reduce the fee to £2,200 plus VAT.

Although this resolves the fee for our work during 2010, it does not address the matter of our ongoing involvement. Please can you let me know when Pension Practitioner expects all of the outstanding formalities to be finalised? According to our records, there are still various shareholdings that need to be re-registered and Legal & General's name must be removed from the Land Registry title. Friends Provident will also have to be informed of the change in Trustees to update their records held for Stephen's policy. Once these have been completed to our satisfaction, the balance held in the Scheme's Bank of Scotland account will be transferred and the account closed.

For the avoidance of doubt, Legal & General will continue to charge for the work we are undertaking, based on the hours we record, until such time as the handover is complete.

Yours sincerely

Becky Karry (Miss)

Our ref WSD/K216/SSAS/T301/RLK
Your ref
Telephone 01737 375724
Date 29 November 2010



Mr J A Wormull
Meadhouse
7 Turners Mead
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RH20 4JZ

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Legal & General House
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Fax 01737 362977
Direct Fax No 01737 375002

Dear John

Mead House Limited Pension Scheme - T301/RLK

I refer to my emails dated 12 April, 6 May and 9 August.

As the move of the Scheme to Pension Practitioner has not yet been finalised, I'm writing to confirm that I will now be raising an invoice for £3,000 + VAT in respect of the 20 hours work that we have undertaken for the period from 1 March to 30 November.

As the invoice will be addressed to the Trustees, so that payment can be deducted from the Scheme's bank account, I will arrange for this to happen during the week commencing 13 December. We will then be able to apply the VAT rate at 17.5%, in advance of next year's increase to 20%.

After this payment, there will not be enough funds remaining in the Scheme's Bank of Scotland account to cover £50 monthly premium being paid to Stephen's Friends Provident policy. I have therefore made arrangements for the existing direct debit to be cancelled. If it is the intention for these payments to continue, please arrange for a new direct debit to be established from the Scheme's Barclays account that you now operate. As you may be aware, we are waiting for a Deed of Assignment to be provided to reflect Legal & General's replacement. However, this should not affect the collection from a different bank account.

If you would like to discuss any of the above in more detail, please call me.

Yours sincerely

Becky Karry (Miss)

MEAD HOUSE LTD PENSION SCHEME

15 THE GLADE STORRINGTON WEST SUSSEX RH20 4GL

Tel: 01903 368571

email: jaykayworm@gmail.com

Mark Gregory
Group Executive Director, Savings
Legal & General
Kingswood
Tadworth
Surrey KT20 6EU

15 June 2012

Dear Mr Gregory,

Thank you for your letter of 8 June 2012, and enclosures.

I realise that you have only come in at the tail end of this long drawn out saga, but your copy of the "bulk letter" and information sheet was only draft information, and nowhere in that letter was the option to dispense with L & G as independent trustee after "A" day commenced, which possibly could have given us a reduction in your ongoing fees, and would certainly have saved hours of work for Legal & General and Pension Practitioners with this transfer. Because all the documentation would have been completed to TMHLPS trustees and the assets, the share portfolio, land registry, and bank account, would have been transferred to us at that time. The hours you have spent on re-registering the assets would not have been required. the transfer would have been completed within the time scale Legal & General set out, and paid for as agreed ,with no further fees required.

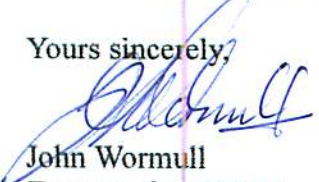
I am enclosing just some of the emails concerning the utter disorganisation that has delayed the completion of this changeover, the hours that have been spent re-registering assets, and the land registry, with paper going backwards and forward between L&G and Pension Practitioners(not signed off, wrong address, wrong names, etc etc). and here we are 3years on, and still 3 lots of share holdings outstanding.

When L&G completed the Deed of Removal, and was no longer the schemes administrator, I believe that L&G had no legal right to take the fees of £2200.00 plus vat from the pension bank account without the trustees agreement, therefore I would appreciate it if you would reconsider our request for a refund of these fees.

The three emails enclosed are just a few from the vast range that have been sent and received during the last three years, that I believe shows that your company's records were not kept up to date.

I await your early reply,

Yours sincerely,


John Wormull
Trustee of TMHLPS

jaykayworm@gmail.com

English

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Very happy.

• Kelly, A.

Environ Monit Assess (2008) 142:1–12

• [2019-2020](#)

- γ - Me

Message: 32 / 93

From: **Brad D** <bradd@pensionpractitioner.com>
To: John Wormull <jaykayworm@googlemail.com>
Subject: **Mead House Limited Pension Scheme**
Date: Sat, 17 Jul 2010 11:13:22 +0100
CC: Gavin McCloskey <gavinm@pensionpractitioner.com>

[View as HTML](#)

Dear John,

apologies for missing your call yesterday, I was in a meeting all afternoon.

Gavin is dealing with your case. He is currently away, but will be back in the office on Monday.

I believe that we completed everything required with regard to the changes on the share certificates as per the registered addresses. However, Legal & General are not happy with this and have caused a delay as their address is not on the certificates. I believe this to be the current position and that we are in the process of having to do these all again in order for Legal and General to sign them off.

I will ask Gavin to give you a full update on the position on Monday.

Apologies for the delay in this being completed, which has been taken out of our hands.

Kind regards
Brad

Pension Practitioner.com
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33-35 Daws Lane
London
NW7 4SD

T: 0800 634 4862
F: 020 8711 2522

UK Reg Co No: 6028668
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jaykayworm@gmail.com English  Web Search

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From: Gavin McCloskey <gavinm@pensionpractitioner.com>
 To: <becky.karry@landg.com>
 Subject: MEAD HOUSE LIMITED PENSION SCHEME
 Date: Wed, 19 Jan 2011 14:30:21 +0000
 CC: jaykayworm <jaykayworm@gmail.com>, Brad D <bradd@pensionpractitioner.com>

[View as HTML](#)

Dear Becky,

I am out of the Office until tomorrow afternoon but I thought I should responded on your email to John regarding the fee issues on this. Whilst your reduction in fees is welcomed I must take issue with some of the points raised.

The address registered on most of the shares was recorded different to that of your current serving address. The share registrars returned the stock transfer forms to us at various stages last year requiring corrections we were also advised that certain information was not matched. The original share designations also did not conform to the terms of the prevailing deed which caused a further set of complications. With regard to the land registry; our solicitor acting for us had a query with the land registry in connection with one of your own property restrictions on the title documents - this has taken several month to clear up and it was necessary to ensure that there would not be problems further down the line.

Finally, you are not a trustee of the scheme and have no legal responsibilities to the trust as evidenced by your own execution of the deed of removal. With regard to handover and on-going responsibilities you have none save for signing off assets held in your names (however see below). You are not responsible for the scheme returns or reporting to HMRC. You have still not associated the new administrator for online service; even though you are no longer the registered administrator and yet you still insisted on making an annual fee administration charge.

The land title re-registration plus the now (second time) amended share transfer forms have been sent to you again for a further round of signing; I trust that you will not pass on charges for re-signings.

I think my conclusion of this is to never have a third party own your assets. I am not clear in any event why Legal and General continued with this policy, given that the rules changed for this in Finance Act 2004 - I am aware from takeovers with other Insurers such as Standard Life, National Mutual, Scottish Life that clients were given the option not to continue with independent trusteeship post A-day I am surprised that this was not extended to your clients; whether this was because it reduces the scope for time chargeable hours I'll reserve judgement on.

I understand that from our Office that the land and share documents are being sent by special delivery today for fresh signing; this will then hopefully (once the new certificates and title deeds come through) close this matter once and for all. My colleague Brad Davis will be handling this.

Gavin McCloskey

Sent remotely from: imap/sedocor1029873

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 33-35 Daws Lane
 London
 NW7 4SD

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 F: 020 8711 2522

UK Reg Co No: 6028658
 VAT Reg No: 894312018
 HMRC Practitioner Reg: 00005886

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From: John Wormull <jaykayworm@gmail.com>
To: Mark Miserotti <markm@pensionpractitioner.com>
Subject: Re: Mead House Pension Scheme
Date: Tue, 12 Apr 2011 11:11:52 +0100

Re your email Barclays bank application form, please let us have the form back so that Kath can sign it, and give us the info about the deed of amendment, is that for you or us to complete.

<http://mail2web.com/cgi-bin/read.asp?mb=&mp=P&mps=1&lid=0&ld=-1&lp=20&m...> 30/11/2011

Our ref CP/K303/SSAS/PTSNewsletter/0301
Your ref
Extension 3332
Date 2 December 2005

Trustees of Mead House Limited Pension Scheme
C/o Meadhouse
7 Turners Mead
Storrington
West Sussex
RH20 4JZ

Legal & General
Assurance Society
Legal & General House
Kingswood
Tadworth
Surrey KT20 6EU

Telephone 01737 370370
Fax 01737 362977
Direct Fax 01737 375002

Dear Sirs

Pensions Tax Simplification

It has been some time since we last issued an update regarding the new legislation being introduced on 6 April 2006 (A-day).

Although there is less than 6 months until the new regime comes into effect, the Revenue has still not finalised the guidance manual and the Regulations are still in draft format. As you are probably aware, there has been significant press coverage of the changes, unfortunately not all of it accurate!

It is therefore an opportune time to circulate the enclosed Newsletter, to draw your attention to some of the current issues where clarification remains outstanding and to outline a few of the finer points overlooked by the media.

We hope you find this of interest. Should you have any queries, please speak to your usual Legal & General contact.

Yours faithfully



For and on behalf of
Legal & General
Assurance Society Limited
as Pensioner Trustee

cc:

PENSIONS TAX SIMPLIFICATION

The purpose of this newsletter is to provide information on the proposed timetable of events leading up to the implementation of the new pensions tax regime that will come into force on 6 April 2006 (A-day). It is also to highlight some of the issues that are still currently outstanding, or require clarification.

The content should not be regarded as legal advice and so should not be relied upon as such. It is based on our understanding of the legislation, draft regulations and HM Revenue & Customs (HMRC) guidance released to date, which may be subject to further change prior to A-day.

Pre-Registration

All existing approved pension schemes can register details of their Administrator(s) and Authorised Practitioner(s) with HMRC by 31 January 2006. Although pre-registration is voluntary, it will ensure that there is no disruption to the communication between HMRC and the Scheme when moving from the old regime to the new. We will therefore shortly be completing the registration forms and issuing these for signature and return by the trustees.

HMRC has deferred the mandatory online filing system and both Scheme Administrators and Authorised Practitioners will be able to submit paper returns for an interim period of at least six months, although where the online functionality is available this will provide a quicker and more efficient service.

Pensioner Trustee Status

Legal & General act in the capacity of Pensioner Trustee, as required under current HMRC regulations. Although this role will no longer exist come A-day, Legal & General are looking to act as an independent professional trustee, providing the same services for our SSAS clients as now.

Trustee Knowledge & Understanding

The Pensions Act 2004 states that, from 6 April 2006, all individual trustees must have knowledge and understanding of trusts, pensions law, and the principles of funding and investment. A consultation paper issued by the new Pensions Regulator in March 2005 states that *"the extent of the knowledge and understanding required is that appropriate for the role"*.

However, it is likely that the trustees of a SSAS, particularly where an experienced and independent trustee (such as Legal & General) who is aware of the Regulator's requirements is in place, will be exempt from these requirements. The professional trustee will continue to provide guidance to give them adequate background for their role.

New Deeds

To take advantage of the new relaxations, every SSAS will need to adopt a new trust deed and rules to accommodate the changes. Drafting work has already commenced to prepare the new Trust Deeds, and we hope to circulate them early in 2006, so that they can be in place by A-day, 6 April 2006. These will also formally record the change in our role from Pensioner to Independent Trustee.

Fund Protection

We have already written to all of our clients requesting earnings information, and details of other pension benefits. Based on the information provided we will be carrying out an assessment to establish those clients where we believe that primary and/or enhanced protection is required to safeguard the fund against the newly introduced Lifetime Allowance Charge for funds in excess of the Lifetime Allowance.

As at 5 April 2006, confirmation of earnings for the current tax year to 5 April 2006 will still be required, and if protection is necessary, property and unlisted share valuations must be provided. We will contact those clients that we believe will be affected, closer to the time.

Registering for Protection

Where fund protection is required, we will complete the relevant forms for the member to sign and return for submission to HMRC. Although all the figures and valuations need to be calculated as at 5 April 2006, there is actually a three year period from this date for submissions to be made.

However, we would remind clients paying contributions by automated methods such as standing order or direct debit, that these must be stopped for members that require enhanced protection, so that no further payments are received on or after 6 April 2006. Any such contributions paid by the company or individual (except rebates to existing contracted out money purchase pension plans) will result in the enhanced protection status being revoked. Rent and/or loan repayments can legitimately continue.

Proposed Retirements on or after A-day

Some clients have deferred drawing their benefits until after 6 April 2006, in order to take advantage of the relaxed rules on flexible retirement (permitting benefits to be paid from the scheme whilst employment/directorships continue) and/or to improve their tax free cash sum.

It has become apparent that where fund protection is required, the application for protection must firstly be submitted to HMRC, as the member will have to produce their protection certificate before benefits can be paid, otherwise a liability to the Lifetime Allowance Charge would arise. This means that the immediate payment of benefits will be delayed until all the supporting information such as earnings, property and share valuations can be compiled for the submission to be made to HMRC.

Tax Relief on Employer Contributions

A feature of the April 2006 tax regime is that employer contributions up to an initial maximum of £215,000 per annum can be paid, regardless of the member's salary. It was explained that this generous limit could be allowed because of the new £1.5m (for 2006/07) Lifetime Allowance. *However, the guidance on contributions released by HMRC in June 2005 advised that corporation tax relief would only be granted if the contribution is wholly and exclusively for the purpose of the business.*

Whilst the Guidance is not specific about the criteria which will be used to make the judgement, it is clear that care will need to be taken so that total remuneration i.e. both immediate (salary) and deferred (contribution) benefits paid to controlling directors and their family, reflects the employee's overall value to the company, in order to qualify for corporation tax relief.

One rule of thumb that the Revenue has suggested is that, if the local Inspector of Taxes would have allowed a bonus of a certain size, a pension contribution of a similar amount should be allowable instead.

As this test is applied at the end of the company's financial year during which the contribution is paid, these new rules will already apply to contributions made before A-day i.e. a contribution paid in March 2006 where the company's financial year end is 30 June 2006 will be caught!

"In Specie" Contributions

Some people may want to pay pension contributions after April 2006 by the transfer of an asset rather than a cash input. For example, an individual or a company which owns property, may want to transfer it directly into their pension scheme. This is called making a contribution "in specie". The Revenue has advised that under the new rules, although contributions in specie will be permitted if there is a "promise" to pay a contribution of a certain value, which is then satisfied by the transfer of an asset, tax relief may not be granted. In any event, where the asset is held by the member personally, tax relief would only be available up to the greater of £3,600 per annum or 100% of earnings, subject to the Annual Allowance (£215,000 in 2006/07), unless the transaction takes place in the year that all the member's pension benefits are taken in full.

Until further guidance is released, companies and members wishing to make contributions of this nature, would be well advised to stick to making monetary transactions. Incidentally, transferring a property to a pension scheme in this way would not escape Stamp Duty Land Tax. There would also be Capital Gain implications to consider.

Redistributing Funds Between Members

This year's Finance Act introduced new sections to counter avoidance of the new provisions (notably the Lifetime Allowance Charge) that could have been achieved by the assignment, surrender or reallocation of a member's benefits.

Unauthorised payment charges will now apply where any attempt to increase the pension rights of a connected member is made, except in certain instances, e.g. to implement a pension sharing order.

It is therefore accepted that any ability to move funds between connected members has now been lost.

Residential Property

One of the most publicised aspects of the new regime is the ability to invest in residential property. This is already generating a lot of interest but, due to the introduction of new tax charges, must only be entered into with extreme caution.

Although, in principle, there is no objection to investment in overseas property, in practice the legislation in some foreign countries does not recognise trust law and special and/or local tax charges would apply, immediately making such investment less attractive. That, coupled with higher solicitors fees for the expert interpretation of legally binding documents, will result in purchases being limited to premises within the UK.

Legal & General will only allow such investment on the condition that our selected Managing Agent is appointed by the Trustees. This is of particular importance as the landlord (the Trustees) will have various health and safety obligations, as well as repair and maintenance responsibilities.

The agent will also deal with all marketing, deposit holding and rent collection issues, which will help to provide evidence that the member has had no personal use of the property, which would result in tax charges being levied, even where the premises have been unoccupied.

Wasting Assets

Although there are no restrictions on schemes investing in assets which can be used by the members, the funds should not be invested for the sole purpose of providing assets for use by the members. Where a scheme asset is utilised by the member personally, and that asset is a 'wasting asset' (defined as an asset with a predictable life span not exceeding 50 years, including all cars, even veteran or classic cars), tax charges will be raised against both the member and the scheme.

Second Test against the Lifetime Allowance

The main principle of the new tax regime is the "Lifetime Allowance", limiting the value of a person's tax relieved pension funds (excluding FURBS). In 2006/07 the Lifetime Allowance will be £1.5m and is set to increase annually to £1.8m in 2010/11. Throughout the consultation process on the tax simplification changes, there was only mention of one test against the new Lifetime Allowance. The Finance Act 2004 stated that a member's pension fund would only be tested once against the allowance, at the time of retirement or death.

However, in February 2005 the Revenue published a new Technical Note, which advised of their intention to introduce a second test against the Lifetime Allowance. The first test, at retirement, measures the member's pension assets against the Lifetime Allowance. The new second test measures the member's fund value again, at 75 (or earlier if an annuity is purchased), against the Lifetime Allowance.

There is no provision for indexation or investment returns in the period between the two tests. Testing a pension fund against the £1.5m limit a second time will prove a perverse tax on investment success during retirement years. The Revenue intends to include the new test in the 2006 Finance Act.

For the avoidance of doubt, people who seek enhanced protection at 6 April 2006 can carry this protection right through to age 75, if there is no relevant benefit accrual (i.e. no contributions made) after A-day and so will also escape the second Lifetime Allowance test. Those with primary protection might not escape it entirely.

The Revenue has indicated that where the member's full benefit value is already in payment on A-day, there will be no test against the Lifetime Allowance at age 75 (or upon earlier annuity purchase), although this is yet to be confirmed in the corresponding legislation and regulations.

Annuity Purchase at 75 / Alternatively Secured Pension (ASP)

The present requirement to secure an annuity by the age of 75 is being withdrawn and replaced with the ASP facility, which enables an unsecured income to continue to be drawn from the Scheme.

Whilst this is a welcome move, there are, however, drawbacks involved.

The maximum level of income, 70% of the appropriate annuity rate, is subject to an annual review. For the purpose of the annual review, the member's age is assumed to be 75, regardless of actual age. This means the annual review for an 80-year-old will assume they are still aged 75. The purpose of these restrictions is to prevent the fund from being exhausted too quickly.

Should death occur whilst drawing ASP, the deceased member's fund is initially used to provide a pension income for the spouse and/or any dependants i.e. there is no lump sum return of fund to the beneficiaries. If there is no spouse or dependants, any residual fund can be passed to other scheme members, paid to a charity as a lump sum or be returned to the sponsoring employer, after a 35% tax deduction.

The Revenue has issued a consultation document to amend current Inheritance Tax provisions to take account of the wider choices being introduced. Whilst this would logically infer that the practice may change where death occurs in ASP, the paper also covers death whilst drawing Unsecured Pension (USP), i.e. before age 75. The final outcome is not expected to be known until towards the end of the year.

Pension Life Assurance

It has finally been confirmed that Life Assurance Benefit (LAB) premiums paid from a scheme bank account will not be classed as relevant benefit accrual and will consequently not jeopardise a member's Enhanced Protection status.

Receipt of a LAB payout will be treated as an investment return and, if Enhanced Protection applies, will increase both the member's fund value and lump sum death benefit.

It is therefore imperative that any existing pension life assurance is written as an asset of the scheme prior to A-day, otherwise the member's Enhanced Protection status would be lost and any excess fund value subject to the Lifetime Allowance Charge.

This newsletter is a summary of recent developments covering selected areas of interest and not a comprehensive statement on all current pensions topics. Although we try to ensure its accuracy, Legal & General accepts no liability for any errors or omissions. Readers should take professional advice in relation to their own circumstances and/or refer to the original source material as appropriate.

Please speak to your usual Legal & General contact to discuss any aspect of the above.