

Pensions Industry Newsletter



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Foreword



Welcome to the Spring 2010 edition of the National Services to the Pension Industry (NISPI) Newsletter.

The management structure has changed since the last Newsletter and as I am fairly new to NISPI I thought I'd take this opportunity to introduce myself.

Having previously worked in the Individuals Group area of NICO, I joined NISPI in July 2009, taking over the role of Senior Operational Business Manager from John Gibbons, where I have responsibility for all elements of National Insurance work relating to Contracting out arrangements. My aim is to ensure that the Customer receives an excellent and appropriate service, and with this in mind I would like to take this opportunity to thank those of you who attended the Annual NISPI Conference held on 4th November 2009 where "Customer Experience" was the topic of the day.

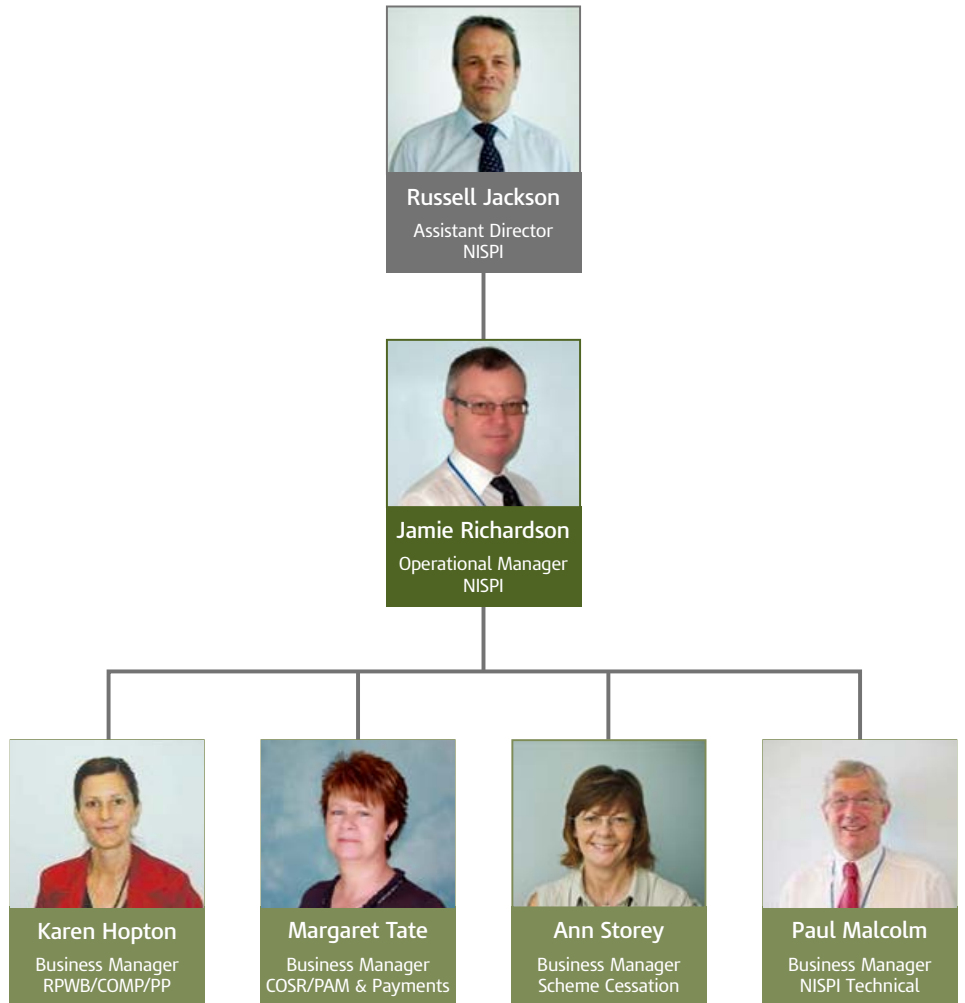
There is a wide range of articles in this issue from "Enhancement to Data Security Arrangements" to the "completion of CA forms", all of which I hope you find helpful.

As ever we would appreciate any comments you may have and if there are any elements of Contracting out you would like an article about please let us know.

Jamie Richardson

**NISPI Operational Manager
NI Services to Pension Industry**

NISPI organisation chart



Feedback and distribution details

We would welcome any comments about this edition of the NISPI Newsletter. Also please let us know of any suggestions you have to improve future editions or details of any articles you would like to see included.

We also need to know whether we are reaching the right people. Please

provide details of anyone you think would be interested in having their name added to our distribution list.

Finally, please notify us if you no longer wish to receive a copy of our Newsletter.

Email: lynn.ibbetson@hmrc.gsi.gov.uk

Pension Scheme Providers - Procedure for the return of Electronic Media

Please ensure all appropriate parties in your organisations are made aware of these procedures.

Where pension scheme providers receive the breakdown of the Monthly ARR payment/recoveries via electronic media the following procedure should be followed.

Prior to returning any media, in all instances please contact Mark Humphreys (contact details below), who will try to resolve any issues and make arrangements for the media to be returned.

CD-Rom and Diskette only

If, for any reason you need to return this type of media to HMRC please send them using recorded delivery to the address below, informing Mark of the return.

Cartridge and Tape Recipients Only

As use of these types of media is gradually reducing, we require these items to be returned so that they can be reused. To avoid any risk of data being accessed by a third party when you return the media, we would ask that you “de gauss” the tape or cartridge thus deleting its contents. Please return the media via recorded delivery to the address below, informing Mark of the return.

If you are unable to de gauss the data please contact Mark who will arrange collection of the media and supply secure packages for media to be returned. In the meantime, please retain the media in a secure environment.

Contact details:

mark.humphreys@hmrc.gsi.gov.uk or telephone 0191 2258767

The return address is shown below as well as being located on the invoice that was sent with the media.

Return address:

Aspire
Room BP8104
Tynemouth House
Benton Park View
Benton Park Road
Newcastle upon Tyne

NE98 1YX

Enhancements to Data Security Arrangements

Work continues within HMRC to ensure that data provided by the department is issued in a secure and controlled way. Where opportunities are identified to increase this level of control we will strive to implement them as soon as possible.

One such opportunity is the creation of a Managed Data Security Transfer Service (MDTS). This service will provide HMRC with evidence that appropriate challenge and approval have been carried out before a data movement is made as well as improved tracking & auditing of movements through centralised logging and reporting.

There will be minor changes to the e-mail interaction process between HMRC and your named recipient of the data. However there should be no change to the level of service you already receive from the Department as the data will still be delivered by secure courier on a date agreed between you and our Secure Courier Desk.

We intend to migrate the monthly Personal Pensions Payment run into this service and will contact you shortly with more information.

Should you have any questions or need anything clarified, please get in touch with:

Joan Guy
Pensions Technical
0191 22 50242
joan.guy@hmrc.gsi.gov.uk

or

Mark Humphreys
COEL COMP2 (Magnetic Media)
0191 22 58767
mark.humphreys@hmrc.gsi.gov.uk

RPWB business unit.

Telephone enquiries

We have introduced a new telephone “hunt-line” system which shares out the telephone calls between the teams in RPWB. The telephone number to ring is 0191 22 59988. You will be put through to the next available officer.

Clerical enquiries

We are currently actioning work which was received in 21st January 2010. If you sent in an enquiry after that date please do not send a reminder for approximately 8 weeks. We are clearing work on a “first in first out” basis and are gradually clearing the backlog. Your patience in this matter is greatly appreciated.

When querying a GMP calculation it would be very useful if you would include a copy of your

GMP calculation together with the contracted-out earnings used in the calculation, as this reduces the time it takes for us to check the figures.

We are receiving an increased number of requests for information from pension providers who are only quoting a Policy Number and name of the customer. To help us give the best service possible the customer’s National Insurance Number is vital. The scheme should always have the NINO held in their records as it will be needed to complete the relevant forms (CA1550’s CA1589’s etc) when the customer applies for their entitlement.

Susan McCormack
RPWB
0191 2250278
susan.mccormack@gsi.gov.uk

Notification of Increments

1. When completing form CA1597 please remember to inflation – proof the post ’88 GMP between State Pension Age and date of retirement (Box 9) before calculation of the Post ’88 Increment to GMP as detailed in CA14, and
2. Contracted Out Mixed Benefit schemes (If the Scheme Contracted out Number starts with either S85..., S852... & S88...) Please complete form CA1594 rather than CA1597 as the system will automatically calculate any increments due from the Date of Effect quoted on CA1594

Bill Pikett
RPWB
0191 2250027

Contracted-out Contribution/Earnings Information Service (COCIS) and Accrued Guaranteed minimum Pension Liability Service (AGLS).

Please consider using these free services. AGLS provides GMP figures for a larger number of people (can be used for the whole or part of the scheme). Any discrepancies in the GMP can be queried and resolved before State Pension Age and this will reduce the number of pensioner enquiries you need to make.

COCIS provides you with the contracted out earnings data for an employer. Once you have this information in your records this will reduce the number of enquiries you need to make to NIPSPI requesting this for an individual. Again, any discrepancies can be resolved before State Pension Age.

Information regarding these free services can be found on the Internet :

www.hmrc.gov.uk/pdfs/nico/ca19.pdf

www.hmrc.gov.uk/pdfs/nico/ca20.pdf

or contact Robert Cooper or Sarah Cowell who can discuss your requirements.

Robert Cooper
Payments Team
0191 2250168
robert.cooper@hmrc.gsi.gov.uk

Sarah Cowell
Payments Team
0191 2250168
sarah.cowell@hmrc.gsi.gov.uk

PP Transfer Notices

NISPI has received an increasing volume of CA1544's, CA1545's and CA1548's from the importing pension scheme rather than the exporting scheme. This is not the correct procedure.

Please note that it is the responsibility of the exporting pension scheme to submit a transfer notice, (para 5.3 of manual CA16 refers)

In future where we receive forms from the importing scheme they will be returned to the address provided on the form.

Dave Buxton
Personal Pensions
0191 2258701

CA Forms

When sending CA forms to NISPI, to make the processing more efficient, could you please ensure that all forms are individually batched by the form number and addressed to the appropriate business area(s) as shown on the table below.

Warren McGowan
NISPI Scheme Cessation
Tel: 0191 2250254

Form number	Destination	Form number	Destination	Form number	Destination
CA1542	Keying Team - BP3101	CA1604	PAM – BP3302	CA1872	RPWB – BP3101
CA1543	Keying Team - BP3101	CA1609	PAM – BP3302	CA1881	Keying –BP3101
CA1544	Keying Team - BP3101	CA1610	PAM – BP3302	CA1883	RPWB – BP3101
CA1545	Keying Team - BP3101	CA1611	PAYMENTS – BP3302	CA1886	PAM – BP3302
CA1548	Keying Team - BP3101	CA1612	PAM – BP3302	CA1887	PAM – BP3302
CA1550	RPWB - BP3101	CA1614	PAM – BP3302	CA1888	PAM – BP3302
CA1552	RPWB - BP3101	CA1615	PAM – BP3302	CA1889	PAM – BP3302
CA1554	RPWB - BP3101	CA1616	PAM – BP3302	CA1890	PAM – BP3302
CA1555	PAM – BP3302	CA1617	PAM – BP3302	CA1891	PAM – BP3302
CA1580	PAM – BP3302	CA1620	COSR – BP3302	CA1892	PAM – BP3302
CA1584	RPWB – BP3101	CA1626	RPWB – BP3101	CA1893	PAM – BP3302
CA1589	PAM – BP3302	CA1627	RPWB – BP3101	CA1894	PAM – BP3302
CA1590	PAM – BP3302	CA1629	RPWB – BP3101	CA1895	PAM – BP3302
CA1591	PAM – BP3302	CA1631	RPWB – BP3101	CA1897	PAM – BP3302
CA1592	PAM – BP3302	CA1632	RPWB – BP3101	CA1902	RPWB – BP3101
CA1593	PAM – BP3302	CA1633	RPWB – BP3101	CA2202	PAM – BP3302
CA1594	RPWB - BP3101	CA1635	RPWB – BP3101	CA2308	PP – BP3101
CA1597	RPWB – BP3101	CA1642	PAM – BP3302	CA8057	Keying – BP3101
CA1599	PAM – BP3302	CA1648	COSR – BP3302	CA8249	PAM – BP3302
CA1601	PAM – BP3302	CA1702	RPWB – BP3101		
CA1602	PAM – BP3302	CA1720	PP – BP3101		
Form number	Destination	Form number	Destination		

GMP Increase Order 2010

An Increase Order will not be made in April 2010. As there is a negative RPI this year, only the basic state pension will be increased by 2.5% in accordance with legislation. There will be no increase applied to the additional state pension. As the additional state pension is not being increased, schemes will not be required to apply an increase to GMP's in the April 2010/11 tax year.

Form CA1872 Requirement for members' signature to be removed.

In the April 2009 Newsletter we advised that form CA1872 would still require a members, widows, widowers or surviving civil partners' signature.

We have now removed the requirement for the signature of the member, widows, widowers or surviving civil partners' signature on the CA1872, and strengthened the Pension Providers declaration.

The revised version of this form is now available, either via HMRC internet

www.hmrc.gov.uk/nic/forms/ni_services-form.htm

Alternatively you can telephone 084591 50150 to place an order

Marian Ruddy
NISPI Technical
Tel: 0191 2250267
marian.ruddy@hmrc.gsi.gov.uk

Changes to the State Pension age (SPa)

Equalisation of SPa

As a result of changes brought in by the 1995 Pensions Act, from April 2010 SPa for women will increase incrementally to 65. This is to bring it in line with SPa for men. It affects women born between 6th April 1950 and 5th April 1955 on a sliding scale, and all women born on or after 6th April 1955 who will reach SPa at age 65.

Between April 2009 and January 2012 mailings will be issued by DWP to the women affected by the phased increase in SPa to advise them of their new SPa date and to include some general information about the Pensions Reforms.

Extension of SPa

The Pensions Act 2007 introduced further changes to SPa from April 2024 when SPa for everyone born after 5 April 1959 will increase. This will be phased in between 2024 and 2046 over 3 periods so that by 2046 SPa for men and women will be age 68.

Details of the revised State Pension ages are available in the DWP Guide NP46 available at the DWP website at: www.dwp.gov.uk

Impact on Contracting-out

The age at which a GMP is payable remains at age 60 for women and 65 for a man.

The Contracted-out Deduction (COD) will be based on the GMP amount at age 60 for woman and age 65 for men plus any inflation-proofing up to the new SPa.

Termination and transfer notices will be accepted after age 60/65 up to the end of the new final relevant year. A statement CA1625 will be issued showing the GMP value at age 60/65 plus any inflation proofing increases, if applicable, up to tax year of termination.

Contribution Equivalent Premiums will be accepted after age 60/65 up to the end of the new final relevant year.

Contracted-out rebates to Contracted-out Money Purchase (COMP) and Appropriate Personal Pension (APP) schemes will be payable up to the tax year prior to the new SPa.

Schemes will continue to be responsible for paying an individual increases on the post 88 part of the GMP up to a maximum of 3% from age 60/65. However until the individual reaches SPa they will not be entitled to any pre1988 GMP increases or any increases above 3% on the post 1988 GMP. This is because these increases form part of the person's State Pension which will not be in payment until they reach their new SPa.

Example

Female with a date of birth of 5 May 1952 will attain age 60 on 5 May 2012. Her new SPa will be 6 May 2014.

GMP calculated at age 60

GMP= £20.00
Pre 1988 = £10.00
Post 1988 = £10.00

Inflation proofing to post 1988 amount until individual reaches SPa

Pre 1988 = £10.00
Post 1988 = £10.00 April 2013 3% = £10.30
Total GMP =£ 20.30

Pre 1988 = £10.00
Post 1988 = £10.30 April 2014 3% = £10.61
Total GMP at SPa = £20.61

CA1629 - Statement of Pension Liability

The CA1629 Statement of Pension Liability is issued to the scheme when a claim to Retirement Pension has been processed. It provides details of the amount of GMP payable and the member's latest address.

CA1629 will no longer be issued for women at age 60 from 2010, and for women at age 60 and men at age 65 from 2024. This is because they cannot be issued until an individual is entitled to make an actual claim to their State Pension.

CA1625 - Notice of Guaranteed Minimum Pension (GMP) Liability Statements

A CA 1625 Notice of GMP liability statement will continue to be issued when an individual terminates contracted-out employment – including where the termination is after age 60/65 but before SPa.

It is important that schemes retain these CA1625 statements, in line with the Record Keeping Guidance recently published by the Pensions Regulator which stresses the importance of maintaining up to date member data.

NISPI Technical
Tel: 0191 22 50267
E-mail: nispi.technical@hmrc.gsi.gov.uk



**Section 148 Revaluation Order for 2010
Information for COSR schemes and
COSR sections of COMB schemes**

The Social Security Revaluation of Earnings Factors Order 2010 comes into force on 6 April 2010. The details, along with the equivalent revaluation factor, are as follows:

Tax Year	Percentage	Revaluation Factor
1978/79	686.9	7869
1979/80	594.5	6945
1980/81	480.2	5802
1981/82	385.9	4859
1982/83	341.4	4414
1983/84	309.8	4098
1984/85	279.5	3795
1985/86	256	3560
1986/87	226.9	3269
1987/88	204.3	3043
1988/89	180	2800
1989/90	152.7	2527
1990/91	135.5	2355
1991/92	113.9	2139
1992/93	100.8	2008
1993/94	91.3	1913
1994/95	85.5	1855
1995/96	77.7	1777
1996/97	72.9	1729
1997/98	64.6	1646
1998/99	57.4	1574
1999/00	51.1	1511
2000/01	42.1	1421
2001/02	36.6	1366
2002/03	31	1310
2003/04	26.5	1265
2004/05	21.8	1218
2005/06	17	1170
2006/07	13.2	1132
2007/08	8.7	1087
2008/09	4.3	1043
2009/10	1.2	1012

**Age Related Rebate percentages
Information for COMP schemes and
COMP sections of COMB schemes**

We will be starting to pay age-related rebates soon for earnings in the 2009-2010 tax year. These will be based on the percentages shown in the table below.

Age on 5.4.2009 - last day of preceding tax year	Appropriate age-related percentage for tax year 2009-2010
15	3.0
16	3.0
17	3.1
18	3.2
19	3.3
20	3.4
21	3.4
22	3.5
23	3.6
24	3.7
25	3.8
26	3.9
27	4.0
28	4.1
29	4.2
30	4.3
31	4.4
32	4.5
33	4.6
34	4.7
35	4.8
36	5.0
37	5.1
38	5.3
39	5.5
40	5.6
41	5.8
42	6.0
43	6.1
44	6.3
45	6.4
46	6.6
47	6.9
48	7.2
49	7.4
50	7.4
51	7.4
52	7.4
53	7.4
54	7.4
55	7.4
56	7.4
57	7.4
58	7.4
59	7.4
60	7.4
61	7.4
62	7.4
63	7.4

Information for APP and APPSHP schemes

We will be starting to pay Minimum Contributions soon for earnings in the 2009-2010 tax year. These will be based on the percentages and earnings bands shown in the table below.

Age on 5.4.2009 - last day of preceding tax year	Band 1 Earnings £4940 to £13,900	Band 2 Earnings £13,900 to £31,800	Band 3 Earnings £31,800 to £40,810
15	9.4	2.35	4.7
16	9.4	2.35	4.7
17	9.6	2.4	4.8
18	9.8	2.45	4.9
19	9.8	2.45	4.9
20	10.0	2.5	5.0
21	10.2	2.55	5.1
22	10.4	2.6	5.2
23	10.4	2.6	5.2
24	10.6	2.65	5.3
25	10.8	2.7	5.4
26	11.0	2.75	5.5
27	11.2	2.8	5.6
28	11.2	2.8	5.6
29	11.4	2.85	5.7
30	11.6	2.9	5.8
31	11.8	2.95	5.9
32	12.0	3.0	6.0
33	12.0	3.0	6.0
34	12.2	3.05	6.1
35	12.6	3.15	6.3
36	12.8	3.2	6.4
37	13.2	3.3	6.6
38	13.4	3.35	6.7
39	13.6	3.4	6.8
40	14.0	3.5	7.0
41	14.2	3.55	7.1
42	14.4	3.6	7.2
43	14.8	3.7	7.4
44	14.8	3.7	7.4
45	14.8	3.7	7.4
46	14.8	3.7	7.4
47	14.8	3.7	7.4
48	14.8	3.7	7.4
49	14.8	3.7	7.4
50	14.8	3.7	7.4
51	14.8	3.7	7.4
52	14.8	3.7	7.4
53	14.8	3.7	7.4
54	14.8	3.7	7.4
55	14.8	3.7	7.4
56	14.8	3.7	7.4
57	14.8	3.7	7.4
58	14.8	3.7	7.4
59	14.8	3.7	7.4
60	14.8	3.7	7.4
61	14.8	3.7	7.4
62	14.8	3.7	7.4
63	14.8	3.7	7.4

Change to Earnings Bands for the calculation of Minimum Contributions for tax year 2010-11 onwards

The State Second Pension currently accrues on three different bands of earnings with different accrual rates applying to each band. These earnings bands are used to calculate the Minimum Contributions payments for members of APP and APPSHP schemes.

From the 2010-11 tax year the upper earnings threshold will be removed. This will reduce the number of earnings bands on which the State Second Pension is accrued from three to two.

Consequently, Minimum Contributions for tax years 2010-2011 onwards will only be paid on two bands of earnings. These are:

- earnings exceeding the lower earnings limit but not the low earnings threshold; and
- earnings exceeding the low earnings threshold but not exceeding the upper accrual point;

The earnings bands for the payment of Minimum Contributions will be:

	Band 1 Lower Earnings Limit to Lower Earnings Threshold	Band 2 Lower Earnings Threshold to Upper Accrual Point
2010-2011	£5044 to £14,100	£14,100 to £40,810

Contact: Sue Thompson

Room: BP3001

Tel: 0191 2250267

Email: nispi.technical@hmrc.gsi.gov.uk

Abolition of Defined Contribution Schemes.

Angela Eagle, the Minister of State for Pensions and the Ageing Society, DWP made an announcement, on Friday 12th March 2010, that she intended for contracting-out for defined contribution pension schemes to be abolished from 6th April 2012.

DWP will continue to work to implement the changes in line with the above announcement in liaison with HM Revenue & Customs, the pensions industry and relevant public bodies such as the Financial Services Authority and the Pensions Advisory Service

NISPI Technical

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National Insurance and Pay As You Earn Service (NPS) Processing Dates 2010 - 11

The provisional timetable for the various NPS processing runs is contained in the following paragraphs: These run dates are, however, subject to confirmation and although unlikely, should any changes need to be made a further update will be issued.

1. The Personal Pensions (PP) Payment Run

The table below contains the proposed PP Payment run dates:

PP Processing dates	BACS Processing dates	PP Payment dates
17/04/2010	30/04/2010	04/05/2010
15/05/2010	28/05/2010	01/06/2010
19/06/2010	30/06/2010	01/07/2010
17/07/2010	30/07/2010	02/08/2010
14/08/2010	31/08/2010	01/09/2010
18/09/2010	30/09/2010	01/10/2010
16/10/2010	29/10/2010	01/11/2010
13/11/2010	30/11/2010	01/12/2010
11/12/2010	31/12/2010	04/01/2011
15/01/2011	31/01/2011	01/02/2011
12/02/2011	28/02/2011	01/03/2011
12/03/2011	31/03/2011	01/04/2011

2. PP Reconciliation Exercise

The reconciliation exercise to identify, and then reconcile Age Related Rebate (ARR) payments/recoveries for all relevant contributions for a given tax year, will once again be ran twice during 2010 - 11. Both are in respect of reconciliation of ARR's for tax year 2008 - 09.

Processing Date
24 April 2010: any ARR's identified will be paid/recovered on: 1 June 2010
30 October 2010: any ARR's identified will be paid/recovered on: 1 December 2010

3. PP Reasons for Non-payment Run

Processing Date
1 May 2010: in respect of the reasons for non-payment for tax year 2008 - 09
27 November 2010: sweep-up exercise for tax year 2008 - 09

4. The Annual Date of Effect Scan

Also included in the non-payment information to be provided in November will be details of those APP scheme members where effect has not been given to the protected rights and the member has, in the previous calendar year, reached state pension age (SPA), reached age 75 or died.

Processing Date
27 November 2010

NB: for those schemes not receiving their information on magnetic media, paper forms CA1885 are issued instead.

Should you need any additional information, please contact:

Norman Haggin
Pensions Technical
Telephone: 0191 22 50134
norman.haggin@hmrc.gsi.gov.uk

