

SSAS update

The Budget: Small change, big impact

December 2024

Our view on recent regulatory and legal developments for trustees of small self-administered pension schemes.

In this update

- 2 Announcements in the Budget
- 3 HMRC online services – migration to the “Managing Pension Schemes” service – Action required
- 4 Regulatory reporting requirements 2023/24

Technical updates for SSAS trustees

1. Announcements in the Budget

In the Budget delivered on 30 October 2024, the Chancellor announced some substantial revenue raising changes. However, most of these avoided impacting pensions, with one significant exception.

1.1 Unused pension funds in scope for inheritance tax (IHT)

From 6 April 2027, for individuals dying after that date, most unused pension funds, i.e. any funds remaining in the pension whether or not they have started to be drawn, will be included into a person's estate for inheritance tax purposes.

This is intended to remove the opportunity for individuals to use pensions savings as a vehicle to pass assets on to the next generation free of inheritance tax.

A consultation has been launched on the processes required to implement these changes, such as the means by which pension scheme administrators will report and pay any Inheritance Tax due to HMRC and any new powers or processes which may be required to ensure that relevant information is exchanged between all parties (HMRC, administrators, personal representatives and beneficiaries).

The consultation closes on 22 January 2025, so hopefully we will have some more detail in early 2025.

1.2 No changes in other areas

Given the speculation in the run up to the Budget, it was surprising that other measures were not introduced. **However, there were no changes to the:**

- allowances on pension contributions;
- tax relief on contributions;
- tax-free lump sum;
- income tax rates;
- tax rates on benefits paid when a member dies under age 75.

Also, although the Labour Party had previously suggested it might reintroduce the Lifetime Allowance, it did not do so.

Our viewpoint

This is a significant change for individuals' inheritance tax planning. For trustees and their advisers, it will draw them into IHT matters with which they have not previously had to concern themselves.

It will surely delay benefit payments while the personal representatives work out any tax due.

When further information is available, trustees will need to consider the impact on their SSAS, including giving members the opportunity to update their expression of wish forms to take account of the different tax position pre and post April 2027.

As usual, when discussing their benefits and potential payments after their death, with their advisers, members will need to consider:

- the income tax that may apply (either to themselves or their beneficiary);
- what they may do with the funds after payment;
- how long they will survive; and
- how the funds will be invested in the meantime.



HMRC online services – migration to the “Managing Pension Schemes” service – Action required

2. Reminder of the changes to HMRC online service

As previously reported, HMRC continue to migrate their online service from their Pension Schemes Online service to their new Managing Pension Schemes service. The new service is now up and running.

All Event Reports must now be completed on the new service, and the Scheme Return will also need to be completed on the new service from April 2025.

If they have not already done so, trustees should ensure that whoever is registered with HMRC online logs in to the Pension Schemes Online service and checks that the details shown are correct and up to date. In addition, they should also register with the new Managing Pension Schemes service to enable the migration. They can do so online [here](#). Please contact us for any assistance required.

HMRC intend to delete any “old” records on their Pension Schemes Online service and so whoever had registered, but not logged on recently, will need to reregister.

Clients who established a new SSAS with us in the last year or so will already be registered with new service and do not need to take any action.

Our viewpoint

Trustees now need to ensure that they are registered with the Managing Pension Schemes service and that they have successfully completed the migration process. If not, they run the risk of missing future reporting deadlines, which incur fines from HMRC.

Why a ‘SSAS’ with LCP?

LCP is one of the UK’s leading pension consultants. Our top priority is to deliver the right solutions for our clients, whether they are large or small, based on an understanding of their scheme and consulting needs.

We act as professional advisers to our SSAS trustee clients to help guide them with pensions legislation and assist them with the administration of the scheme.

We differ from other SSAS providers as we do not act as a Trustee and so are not co-owner of the assets nor co-signatory on the bank accounts. For example, our SSAS clients don’t need us to separately authorise payments from the SSAS bank account. This enables our SSAS clients to retain complete control of their SSAS, its cash and investments. Our approach is to get involved only to the extent our clients want us to, allowing them to stay in control, while being proactive when appropriate, such as when legislation changes.

We offer our SSAS clients a personalised service, and pride ourselves on long-standing, successful relationships with our clients – most of whom have been with us for many years.

Client testimonial

LCP’s knowledge cleared the fog. Trustees can feel confident in their decisions as LCP gives them an accurate understanding of the measures imposed by Government and the options open to them.



Regulatory reporting requirements 2023/24

A reminder for all those connected with SSAS of the regulatory reporting requirements.

HM Revenue & Customs (HMRC)

HMRC requires Scheme Administrators to submit reports online. Their deadline for the submission of their reports for the 2023/24 tax year is 31 January 2025. Failure to meet the deadlines will result in automatic fines.

HMRC Scheme Return 2023/24

We are aware that HMRC have issued requests for the completion of their Registered Pension Scheme Return for the 2023/24 tax year.

Whoever has registered with HMRC online as Scheme Administrator should check the scheme's noticeboard on HMRC's website (on the "old" Pension Schemes Service) to see whether a notice to complete a return has been received for the 2023/24 tax year and, if it has, arrange its completion. **Please let us have a copy of any submitted return in due course.**

Where LCP has been appointed as Authorised Practitioner we have already written to those clients with a note of the requirements. Where we have not been so appointed, the Scheme Administrator must check and complete any required submission. We are happy to act as Authorised Practitioner if desired - please contact us for details.

New SSAS's who registered directly onto the "new" "Managing Pension Schemes" service won't have received a request to complete a Scheme Return for 2023/24. However, this will change next year when the Return will migrate to the new service. However, an Event Report may still need to be completed (see below).

HMRC Event Report 2023/24

In addition to the Scheme Return, HMRC requires an Event Report to be submitted if certain events occur during each tax year. We have set out opposite some further

information on the reportable events to help trustees determine whether or not an Event Report may need to be submitted. If a report is necessary, the Scheme Administrator will need to arrange for its completion. Note that the Event Report now needs to be completed on HMRCs "new" Managing Pension Schemes service online and so trustees will need to have registered and completed all the requirements in the new service before they can do so.

If there is any doubt as to whether an event that has occurred needs to be reported, please let us have details and we will advise accordingly.

Where we are aware that a reportable event has occurred, we have already written to clients regarding the next steps that need to be taken to submit the report. If a reportable event has occurred and LCP has been appointed as Authorised Practitioner we can submit the report. Otherwise, the Scheme Administrator must arrange for the submission of the report.

Reportable Events 2023/24

The Regulations set out numerous separate events covering many areas, most of which are unlikely to apply to schemes ordinarily. However, to help the Scheme Administrator determine whether an Event Report may be required, we have summarised below the type of events that require reporting.

Generally, the reportable events fall into two main areas: scheme events and member events. Please review the following list of events and if you think any of them may have occurred during the tax year please let us know as a matter of urgency so that we can advise whether it needs to be reported.

Scheme events

- Unauthorised payments¹.
- The purchase or sale of any Taxable Property² (or, if already held, any income received from such property), at any time during the tax year.
- A change in membership between certain bands (ie where the number of members has increased from 1 or above 11 or decreased below 2 or become 0).
- The wind up of the scheme.

Member events

- A member commences receipt of their benefits before normal minimum pension age - normally only possible on ill-health grounds.
- Commencement of benefits (or at age 75, if tested) where the member's funds from all schemes have exceeded the standard Lifetime Allowance and the member has relied on any form of Lifetime Allowance protection.
- A lump sum is paid to a member who has any form of Lifetime Allowance protection.
- A lump sum is paid to a member that represents more than 25% of their share of the fund.
- Lump sum death benefit payments that amount to more than 50% of the Standard Lifetime Allowance that was applicable on the date of the member's death.
- The Trustees are required to issue a 'Pension Savings Statement' (usually when contributions paid in respect of a member exceed the Annual Allowance).

Transfers to Qualifying Recognised Overseas Pension Schemes are reported separately and must be reported within 60 days of the transfer.

¹ An unauthorised payment is a legally defined term and includes, for example, a loan to a scheme member.

² Taxable property is a legally defined term and includes, for example, residential property, works of art etc. If in doubt, please contact us.

Regulatory reporting requirements 2023/24

A reminder for all those connected with SSAS of the regulatory reporting requirements.

The Pensions Regulator's (TPR) scheme return

TPR is a separate government body to HMRC, for whom trustees will need to complete a different scheme return. TPR requests the completion of their scheme return normally on a rolling three-year basis for schemes with two or more members.

Although TPR usually provides trustees with notification of the requirement by email/post this is not always the case. We suggest that trustees regularly check the TPR's Exchange system (via their [website](#)) to see whether a return is due. TPR aims to give six weeks for the completion of the return and has the power to fine trustees for failing to do so.

TPR have added a request for details of any "Investment Consultants" and "Fiduciary Managers" appointed by the trustees, which will now need to be included in the return. TPR also ask some further questions regarding "value for money assessments", "Statement of investment principles" and "climate change reports", which are not usually applicable to SSASs.

TPR also asks trustees to confirm when they last checked the data they hold on their members to ensure it was complete and up to date. This is perhaps more appropriate to larger schemes, but TPR

have adopted a blanket approach.

We would not normally expect trustees of SSASs to have a problem confirming their members' "common data"; after all it is generally data about themselves, and with the assistance of their professional advisers, the "scheme specific data" shouldn't be a problem, providing things like scheme accounts etc are up to date. Whether the data is readily to hand is another matter!

We can assist our clients meet the requirements by providing scheme and member statements which show the common and scheme specific data we hold with some appropriate commentary. We can also be appointed to complete TPR's scheme return on the trustees' behalf if desired. Please contact us for assistance.

Information Commissioners Office (ICO) registration

Trustees should remember to renew their registration with the ICO on an annual basis. The easiest way to do so is to simply pay the renewal via direct debit. Contact us for any assistance.

Any questions?

If you would like any assistance or further information on the contents of this SSAS update, please contact Peter Clarke or Patrick Moriarty or email enquiries@lcp.uk.com.



Peter Clarke
Principal

peter.clarke@lcp.uk.com
+44 (0)1962 872703



Patrick Moriarty
Associate Consultant

patrick.moriarty@lcp.uk.com
+44 (0)1962 873339

This update does not constitute advice, nor should it be taken as an authoritative statement of the law.

At LCP, our experts help to power possibility by navigating you through complexity to make decisions that matter to your business and to our wider society. We are powered by our desire to solve important problems to create a brighter future. We have market leading capabilities across pensions and financial services, energy, health and analytics.

All rights to this document are reserved to Lane Clark & Peacock LLP ("LCP"). This document may be reproduced in whole or in part, provided prominent acknowledgement of the source is given. We accept no liability to anyone to whom this document has been provided (with or without our consent).

Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number OC301436. LCP is a registered trademark in the UK (Regd. TM No 2315442) and in the EU (Regd. TM No 002935583). All partners are members of Lane Clark & Peacock LLP. A list of members' names is available for inspection at 95 Wigmore Street, London W1U 1DQ, the firm's principal place of business and registered office. The firm is authorised and regulated by the Financial Conduct Authority and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

© Lane Clark & Peacock LLP 2024