

Pensions Simplification

Role of Scheme Administrator (and Practitioner)

February 2009

All group life assurance schemes must have appointed a person or persons to be responsible for carrying out the duties of the scheme administrator under the Finance Act 2004. This can be a corporate body such as the Principal Employer.

These notes are intended as an overview of the role of the scheme administrator (and practitioner) of a stand-alone group life assurance scheme which is Registered with Her Majesty's Revenue & Customs (HMRC).

This is not a definitive document and you should obtain independent advice to ensure this guidance meets your particular situation. Unum does not accept any responsibility for any loss which may arise from reliance on the information enclosed.

HMRC provides guidance for scheme administrators and practitioners in the Registered Pension Schemes Manual (RPSM) on their website:

www.hmrc.gov.uk/manuals/rpsmmanual/

Also available on the HMRC website is "Role of a Scheme Administrator – Key Facts".

Unum does not act as a scheme administrator, nor as a practitioner.

Residence

The person(s) appointed as scheme administrator under the scheme rules must be resident in:

- The United Kingdom (UK),
- Another EU member state, or
- Another state in the European Economic Area (EEA) (that is Liechtenstein, Iceland or Norway).

Multiple Scheme Administrators

If more than one person is appointed scheme administrator, each is jointly and severally liable for any tax charges on the scheme administrator.

Registration of Scheme

Registration of a group life assurance scheme for tax purposes (under Chapter 2 of Part 4 of the Finance Act 2004) is done online and can only be carried out by the scheme administrator.

When Registering, the scheme administrator must make statutory declarations to HMRC:

- The scheme meets the conditions to be Registered, and
- The information given on the application is correct and complete, to the best of the scheme administrator's knowledge and belief, and
- The scheme documents do not provide for unauthorised payments, and
- The scheme administrator understands what his responsibilities as scheme administrator are, and intends to carry them out, and
- The scheme administrator understands that giving false information may lead to de-registration of the scheme and possibly prosecution.

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Taxes and Lifetime Allowance Charge

The scheme administrator has responsibility for all tax charges, interest and penalties for the Registered scheme in addition to being the person who is responsible for Registering a new scheme.

The scheme administrator is not responsible for payment of a Lifetime Allowance Charge when a lump sum death benefit is paid following a member's death. Any Lifetime Allowance Charge falls solely on the recipient(s) of the lump sum payment(s). The scheme administrator pays any lump sum death benefit in full, without any regard to any Lifetime Allowance Charge that may potentially be due. The personal representatives of the member are responsible for ascertaining whether a chargeable amount arose following the payment of a relevant lump sum death benefit. (RPSM 11105510)

Practitioners

An authorised practitioner is a person the scheme administrator has authorised HMRC to deal with on the scheme administrator's behalf in relation to a Registered scheme.

An authorised practitioner can file Event Reports, Pension Scheme Return and Accounting for Tax forms on behalf of the scheme administrator but the scheme administrator must approve the content and authorise the submission of the return/report.

The scheme administrator can authorise HMRC to deal with different practitioners for different functions, for example Pension Scheme Return, Accounting for Tax Return, Event Report.

There can also be unauthorised practitioners acting on behalf of the scheme administrator, but whom they have not given HMRC authority to deal with.

Practitioners are uncommon for stand-alone group life assurance schemes.

The Pensions Regulator

A group life assurance scheme is not required to register or make reports of any events to the Pensions Regulator.

Reporting responsibilities

The scheme administrator is responsible for filing the Event Reports, Pension Scheme Return and Accounting for Tax forms, as shown below. A practitioner can file these on behalf of the scheme administrator but the scheme administrator must approve the content and authorise the submission of the return/report.

- File an Event Report (and amend a filed one)
- File a Pension Scheme Return (and amend a filed one)
- File an Accounting for Tax Return (and amend a filed one)
- Amend scheme details
- Elect to contract out (not relevant to group life schemes)
- Register to operate Relief at Source (and amend details) - necessary if self-employed /equity partners are members of the scheme
- Amend scheme administrator's designatory details.

See RPSM Chapter 12 of the scheme administrators section, 'Information Requirements and Administration: Contents' – RPSM12300000.

Event Reports

For a group life assurance scheme the scheme administrator will need to provide an event report to HMRC in respect of the reportable events set out in The Registered Pension Schemes (Provision of Information) Regulations 2006 (SI2006/567) as amended by SI2006/1961.

There are 21 reportable events, as shown below, with comment on the ones which could apply to a group life assurance scheme.

The event report must be made after the end of the tax year to which it relates and no later than the next 31 January. Except where the scheme is winding up, then all information must be submitted within the 3 months following completion of the winding up (unless a shorter period is specifically required for an item).

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1. Unauthorised payments

The scheme makes an unauthorised member payment (a) or an unauthorised employer payment (b).

(a) Defined in section 160(2) and includes payments treated as unauthorised payments.

(b) Defined in section 160(4) and includes anything treated as an unauthorised payment.

2. Payments exceeding 50% of standard Lifetime Allowance

The scheme makes a lump sum death benefit payment to a person in respect of the death of a member, and that payment, either alone or when aggregated with other such payments from that scheme, amounts to more than 50% of the standard Lifetime Allowance applicable at the time of the member's death.

3. Early provision of benefits

4. Serious ill-health lump sum

5. Suspension of ill-health pension

6. Benefit crystallisation events and Enhanced Lifetime Allowance or Enhanced Protection

A benefit crystallisation event occurs in relation to a member in respect of the scheme and -

- (a) the amount crystallised by the event -
- (i) exceeds the standard Lifetime Allowance, or
 - (ii) together with amounts crystallised by other events in relation to that member, exceeds the standard Lifetime Allowance, for the year in which the event occurs; and
- (b) the member relies on entitlement to either an enhanced Lifetime Allowance or Enhanced Protection in order to reduce or eliminate liability to the Lifetime Allowance Charge.

7. Pension commencement lump sum

8. Pension commencement lump sum: Primary and Enhanced Protection provisions of Schedule 36

8a. Stand-alone lump sum

9. Transfers to qualifying recognised overseas pension schemes

10. Investment-regulated pension scheme

11. Changes in scheme rules

The scheme changes its rules to -

- (a) entitle any person to require the making of unauthorised payments; or
- (b) permit investment other than in policies of insurance

12. Changes in rules of pre-commencement scheme treated as more than one scheme

13. Change in legal structure of scheme

14. Change in number of members

The number of scheme members falls in a different band at the end of a tax year from that in which it fell at the end of the previous tax year.

The bands are -

- (a) 0 members;
- (b) 1 to 10 members;
- (c) 11 to 50 members;
- (d) 51 to 10,000 members; and
- (e) more than 10,000 members.

15. Alternatively secured pension

16. Transfer lump sum death benefit

17. Lump sum payment after the death of a member aged 75 or over

18. Scheme chargeable payment

19. Country or territory of establishment

The scheme changes the country or territory in which it is established.

20. Occupational pension scheme

The scheme becomes, or ceases to be, an occupational pension scheme.

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Provision of Information

In addition to event reports, other information reporting is required by The Registered Pension Schemes (Provision of Information) Regulations 2006 (SI2006/567) as amended by SI2006/1961.

Those which could apply to a group life assurance scheme are shown below.

Scheme Winding Up

The scheme administrator must notify the Commissioners for HMRC that the scheme has wound up and the effective date. This must be submitted within the 3 months following completion of the winding up, including any event reports and any other required information (unless a shorter period is specifically required for an item).

Scheme Administration

The scheme administrator must notify the commissioners for HMRC of the termination of their appointment and the effective date. This must be submitted within the 30 days of the termination.



Information to Personal Representatives

The scheme administrator must provide to the deceased member's personal representatives the percentage of the standard lifetime allowance expended by, and the amount and the date of payment of, a relevant lump sum death benefit by the scheme in relation to the member. This must be provided within the 3 months following the final such payment.

Retention of Records

Scheme administrators, trustees, administration services, participating employers (and their directors) must preserve scheme documents for 6 years after the tax year to which they relate. Scheme documents relate to monies received or owing, the assets, payments made and the administration of the scheme.

A person no longer needs to preserve documents if all the documents are transferred to their successor.

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