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Freedom and Choice in Pensions

A guide to the pension reforms



Welcome

Welcome to our technical guide to Freedom and Choice in Pensions.

Since George Osborne's announcement of the liberalisation of the pensions regime in March 2014, the details of the so-called 'pensions revolution' have emerged in a somewhat piecemeal manner. However, after some last minute Parliamentary fine tuning the main details of the reforms are now clear following Royal Assent of the Taxation of Pensions Bill.

The liberalised regime takes full effect from 6 April this year. The number of people affected is substantial. An estimated 400,000 individuals with money purchase pensions will reach the age of 65 this year, with similar numbers projected over the next few years as the baby boomers reach retirement age. These simplistic statistics of course do not fully reflect the implications of the pension reforms given that money purchase pension pots can be accessed from aged 55. It is estimated 14.7m people in the UK are over 60 years of age and 22.7m are over 50.

The introduction of Freedom and Choice in Pensions has unsurprisingly generated much debate and controversy. Some argue the new regime will help to close the savings gap, and that individuals can be relied upon to make sensible decisions and behave responsibly with their retirement nest eggs. Others are less optimistic, arguing the new freedoms will result in pensioners either frittering away their savings or simply making poorly-informed choices that are not in their long-term best interest.

These issues were debated by Steve Webb, Pensions Minister, and others, at the Financial Services Faculty's Retirement Savings Summit in November last year. You can see highlights from the conference at icaew.com/pcc

It remains to be seen whether the pensions revolution leads to outcomes that are in the public interest. Whatever the results, there will be a growing need for good quality professional advice in this increasingly complex area and professional advisers need to be fully conversant with the details of the pension reforms. More choice also implies greater complexity, which suggests that advisers from different disciplines will need to work more closely together to better serve the needs of clients and their families.

The Financial Services Faculty and corporate member Prudential plc, have produced this technical guide to Freedom and Choice in Pensions. It is designed to help private client advisers better understand the details and implications of the pension reforms. I hope you will find it useful.

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Short technical guide to the Freedom and Choice Pension reforms

INTRODUCTION

In his Budget speech on 19 March 2014, Chancellor of the Exchequer George Osborne argued that the introduction of the latest pension reforms represented the most fundamental change to the way people can access their pension savings in almost a century. Whatever the outcome of the pension reforms, their introduction represents a watershed in the UK savings landscape.

Greater choice in the way that people can access their pension savings and the removal of the effective need to buy an annuity comes at a price. Freedom and Choice in Pensions means that individuals and professional advisers will have to shoulder more responsibility for managing the financial implications of longevity in the new savings regime.

This technical guide provides a brief overview of the main details of the pension reforms, with some case study examples to illustrate planning opportunities.

The main areas of the pension reforms include:

- introduction of Flexi-access Drawdown – drawdown without limits for all;
- introduction of more flexibility for annuities;
- introduction of Uncrystallised Fund Pension Lump Sum (UFPLS) – a new mechanism to withdraw lump sums from a pension;
- introduction of the Money Purchase Annual Allowance (MPAA) – a restriction on the annual allowance for people who access their pension flexibly;
- changes to pension commencement recycling rules; and
- changes to death benefits – including improvements in the tax position and the potential to cascade wealth down the generations.

FLEXI-ACCESS PENSIONS

What are flexi-access pensions?

- For those individuals going into drawdown for the first time after 6 April 2015, flexi-access drawdown will be the only drawdown option.
- For those already in flexible drawdown at 5 April, they will automatically become flexi-access drawdown.

Flexi-access drawdown operates in the same way as flexible drawdown did before 6 April 2015 (ie, there is no limit on income withdrawals), but without the minimum income requirement of £12,000 of other secure income in a tax year to access it. The individual may decide how much or how little of their fund they wish to take as income, and when they want to take it. They may also take a 25% Pension Commencement Lump Sum (PCLS) and designate the rest of the fund into flexi-access drawdown. Any withdrawals taken above the 25% PCLS will be taxed at the individual's marginal rate and are counted as a trigger event for Money Purchase Annual Allowance (MPAA) purposes. See below for more details on MPAA.

TIP – Sustainability of income will be a key objective for many individuals. The income may need to continue for 25 years or more. To model some specific income assumptions, check out the Retirement Modeller on the PruAdviser website – pruadviser.co.uk/content/229461/retirement-modeller/

Capped drawdown

- Post 6 April 2015, capped drawdown is no longer available for new arrangements.

However, capped drawdown arrangements (drawdown with income restrictions already in place on 5 April 2015) may continue, subject to the capped drawdown rules. Subject to the scheme allowing this, future designations to the same arrangement may continue. The MPAA will not be triggered if the income drawn remains within the maximum capped drawdown amount.

Recycling

Although recycling of income within the limits is fine, caution is required around recycling of any PCLS, with the limit dropping to £7,500 from £12,500. All other rules/criteria remain the same, and can be viewed at hmrc.gov.uk/manuals/rpsmmanual/RPSM04104920.htm

ANNUITY FLEXIBILITY

From 6 April 2015, three important changes have been made to the annuity rules.

- A lifetime annuity may continue after the member's death for any period that is set out in the annuity contract (previously limited to a 10-year guarantee).
- A lifetime annuity can go down as well as up (historically, this was possible only in limited circumstances).
- The annuitant can name someone other than a spouse as a beneficiary, if the annuity provider allows this.

UNCRYSTALLISED FUNDS PENSION LUMP SUM (UFPLS)

- Eligible individuals can withdraw their full uncrystallised defined contribution pension fund or take partial withdrawals as required.
- Not all schemes will offer this feature.

One of the changes made by the Taxation of Pensions Act 2014 was the introduction of the UFPLS. Individuals will no longer have to designate funds as available for drawdown, buy an annuity or take a scheme pension to extract money from a pension fund. Effectively it gives customers the ability to draw income from their pension without buying a product, such as income drawdown or an annuity.

To qualify to take an UFPLS, the individual:

- must have reached normal minimum pension age, or meet the ill-health conditions (more information on ill health early retirement is available at hmrc.gov.uk/manuals/rpsmmanual/RPSM08100070.htm);
- if under age 75, must have lifetime allowance (LTA) remaining which is equal to or more than the amount of the lump sum being withdrawn; or
- if over 75, must have some LTA left.

In addition, the UFPLS must be payable from uncrystallised rights held under a money purchase arrangement.

An UFPLS **cannot** be paid to someone who has primary or enhanced protection, or protected tax-free lump sum rights over £375,000.

How does an UFPLS work?

- Each UFPLS payment will normally be 25% tax-free, with the remainder taxed as pension income.
- The tax-free element is not a pension commencement lump sum (PCLS). For a PCLS to exist there must be an arising entitlement to income, for example through drawdown or an annuity. This means that the tax-free element cannot be separated from the taxable element. It is worth noting that if an individual wishes to have tax-free cash and no income, drawdown is still the only option.

TIP – The tax implications of taking an UFPLS can be quite considerable. If an individual (age 55) has a fund of £100,000 and wishes to access the full fund, they will get £25,000 tax-free, with £75,000 taxed at their marginal rate. If this is the only income they have, they will fall into higher rate tax and receive £80,597 (based on 2015/16 tax rates).

£25,000 tax-free + £75,000 taxed.

Tax (£10,600 × 0%) + (£31,785 × 20%) + (£32,615 × 40%) = £19,403.

£100,000 - £19,403 = £80,597

However, if the same individual decided they wanted to take £10,000 UFPLS per annum for 10 years, until they reached state pension age, they would receive £2,500 tax-free and £7,500 taxed at their marginal rate each year. If they had no other income, currently their personal allowance would cover that £7,500. By the end of the 10 years, they would have extracted £25,000 tax-free and £75,000 taxed at 0%.

However, it is important to note that individuals may not immediately see the sums they expect due to the operation of the tax code and the PAYE system. It may well be that the provider will need to apply the 'emergency tax code' to any withdrawals in the example above, where the full amount is withdrawn, could mean around an extra £10,000 tax. Although any overpaid tax can be reclaimed, that may not happen until the end of the tax year.

MONEY PURCHASE ANNUAL ALLOWANCE (MPAA)

What is the MPAA?

- Designed to stop anyone abusing the new flexible pension rules to avoid tax and National Insurance contributions.
- The MPAA is a lower alternative annual allowance applied where flexibility has been accessed.

The rules allow those who have accessed flexibly (ie, triggered the MPAA, see list below) to continue to benefit from tax relief on contributions up to £10,000, per pension input period (PIP), without incurring a tax charge. MPAA is actually a positive for some, being an improvement on the pre-6 April 2015 position, when the standard annual allowance for those in flexible drawdown was zero.

PIPs, PIAs and carry forward

- All of the current planning to maximise annual allowance usage remains good planning with pension freedom.

Now that pensions are more accessible, individuals may be more comfortable contributing more of their wealth into pensions which will require an understanding of how Pension Input Periods (PIPs) work to ensure contributions are counted in the correct Pension Input Amount (PIAs) – either the current year or the following year.

The simplest method of maximising pension contributions is to join a scheme as early as possible so that unused annual allowance can be carried forward to future years (once the current year's annual allowance has been used, up to three prior years can be carried forward if unused).

What triggers the MPAA?

Any of the following can trigger the MPAA.

- Uncrystallised Fund Pension Lump Sum.
- Flexi-access drawdown Income – once income (or any lump sums from the designated pot) are taken from funds designated to a flexi-access drawdown plan.
- Capped drawdown where income above the cap is taken.
- Existing flexible drawdown.
- Stand Alone Lump Sum – in some circumstances the payment of a stand-alone lump sum will trigger the MPAA.
- Flexible Annuity.
- When a scheme pension commences that was set up after 5 April 2015 from a scheme with fewer than 12 pensioner members.

The MPAA will apply from the date that pension flexibility is accessed. However, it will only be relevant where total contributions to a money purchase arrangement in a PIP exceed £10,000.

Can the MPAA be avoided while maintaining access to pension funds?

Yes, but only in limited circumstances.

- Small pots
Three arrangements of up to £10,000 each can be withdrawn subject to small pot rules. This is paid 25% tax-free and 75% at marginal rate in the same way as an UFPLS. However, a small pots payment does not trigger the MPAA.
- PCLS and nil-income
Where an individual needs capital but wants to continue paying pension contributions, a PCLS can be paid with the balance being vested to flex-drawdown. This will not trigger the MPAA until income is taken from the drawdown plan.
- Existing capped drawdown
Income from capped arrangements in place before 6 April 2015 will not trigger the MPAA.

TIP – Not everyone will want to take money out of a pension scheme and pay it back in again, but for those who do, it is critical the individual fully understands the implications of the MPAA.

DEATH BENEFITS

The knife-edge

Historically, the tax position of a lump sum death benefit depended on whether the fund had been 'crystallised' or not. This broadly meant that once a pension commencement lump sum (PCLS) had been taken the death benefits would be poorer. For example, an individual aged 60 at death could leave their uncrystallised personal pension fund to a dependant free of tax, but a drawdown plan would attract a 55% tax charge (the special lump sum death benefit charge).

Under the new rules, the main factor is the age of the member. Where the member dies under age 75, the benefits can generally be paid tax-free to a chosen beneficiary (with some restrictions, discussed later). For members aged 75 and above, income paid will be taxed at the beneficiary's marginal rate and lump sums taxed at 45% in 2015/16. It has been proposed that from 6 April 2016 the 45% tax rate will be changed to the marginal rate of tax as per income payments.

Who can benefit?

The Taxation of Pension Act 2014 introduces two new types of beneficiary drawdown, giving three types:

1. dependant flexi-access drawdown;
2. nominee flexi-access drawdown; and
3. successor flexi-access drawdown.

On the member's death and where the beneficiary wants to draw an income, this will be through either

dependant drawdown or nominee drawdown – depending on whether or not the beneficiary is a dependant (a dependant cannot use nominee flexi-access drawdown). After the death of the first beneficiary, the fund will become successor flexi-access drawdown, and remain successor flexi-access drawdown through subsequent beneficiaries.

Nominations

- A nomination means a beneficiary nominated via an expression of wish or by binding direction, where scheme rules permit and/or circumstances dictate.
- A nominee, for nominee flexi-access drawdown, includes any non-dependant nominated by the member, and any non-dependant nominated by the scheme if the member did not nominate a beneficiary (individual or charity).

However, the scheme cannot nominate anyone for nominee flexi-access drawdown where a dependant of the member is alive. For example, if the spouse is still alive, the scheme cannot nominate non-dependent children to receive income, but could choose to pay a lump sum benefit (although this could attract a higher tax rate – discussed later).

TIP – The new rules give the potential for wealth to be cascaded down the generations – individuals should make sure nomination forms are up to date, and reflect their wishes.

What is the tax position on death?

The tax will depend on:

1. the member's age at death;
2. whether the funds have already been vested at death (for LTA excess purposes only); and
3. designation (ie, the fund being put in the name of the beneficiary) within the relevant two-year period starting with the scheme being notified of the death (or the date when the scheme could reasonably have known of the death).

There are three possible outcomes.

- Tax-free: no income tax is to be deducted from the payment.
- Marginal: the beneficiary will be liable for income tax at their marginal rate on the amount withdrawn.
- 45%: the special lump sum death benefit charge (reduced from 55%, but with the intention of moving this to marginal rate in future). In the meantime, beneficiary flexi-access drawdown, taking the balance as income, would be favourable where this is allowed.

Pre-75

Generally, where death is pre-75, the beneficiaries can access the fund tax-free. However this is true only where the benefits are designated to the beneficiary within two years of notifying the scheme of the death (the 'relevant period'). Benefits taken as income if no such designation is made are subject to marginal rate income tax and lump sums to 45% tax.

Post-75

Where death is after the 75th birthday, tax is payable at the marginal rate, where the fund is taken as income, or at 45%, where taken as a lump sum. The two-year period will have no impact on the income tax position.

Lifetime allowance and the two-year rule

For deaths pre-75, both income and lump sum benefits taken from uncrystallised funds within the relevant two-year period are tested against the LTA, currently £1.25m. Designations outside of this period will not be tested against the LTA but will instead be taxed, income at marginal rate and lump sums at 45%, as income will not have been taken within two years.

Inheritance tax

Inheritance tax (IHT) rules on when a pension fund will be counted in the deceased estate have not changed. Generally, where the scheme member can bind the trustees to pay to a specified beneficiary who is not a dependant, it will be treated as part of the deceased's estate for IHT. But where the trustees can exercise discretion the funds will generally be outside IHT assessment. Most schemes operate on an expression of wish basis (sometimes called a 'nomination of beneficiary'), with the scheme administrator making the final decision.

Types of payment

The different types of death benefit are summarised below for reference.

Uncrystallised Funds Lump Sum Death Benefit	A payment from uncrystallised pension monies within two years of being notified of the death of the member. The full value of the assets at the time of making the payment can be paid.
Flexi-Access Drawdown Fund Lump Sum Death Benefit	A lump sum payment made on the member's death (or their beneficiary) from a flexi-access drawdown plan, but not a charity lump sum death benefit.
Trivial Commutation Lump Sum Death Benefit	Where a beneficiary is entitled to a payment of up to £30,000 from a scheme, this can be taken as a trivial commutation lump sum death benefit. It must extinguish all of the rights under the scheme, both to an income and lump sums. This includes payments from an annuity under a guarantee period where the value is less than £30,000.
Annuity Protection Lump Sum Death Benefit	A lump sum death benefit is an annuity protection lump sum where it is paid in respect of a scheme pension or a lifetime annuity arranged from a money purchase pension fund. The maximum that can be paid is the purchase price of the annuity less any gross income paid and less any other annuity protection sum lump already paid in respect of this annuity.
Charity Lump Sum Death Benefit (CLSDB)	Where the member has no dependants, a charity lump sum death benefit may be paid <ul style="list-style-type: none"> • from drawdown funds (member or a beneficiary); or • from uncrystallised funds where the member died after age 75.
Defined Benefit Lump Sum Death Benefit	A lump sum paid in respect of a defined benefits arrangement where the member was age 75 and above, or, if younger, for a payment after the relevant two-year period.
Pension Protection Lump Sum Death Benefit	Similar to an annuity protection lump sum death benefit but in respect of a scheme pension from a defined benefits arrangement. Where the member asks, and the scheme agrees, this would allow a beneficiary payment up to the crystallisation amount less income paid.

Below is a summary of the tax treatment of money purchase death benefits

Age at death	Paid from	Benefit Type	Relevant Time	Tax	Subject to LTA test?
< 75 years	Crystallised	Income	< 2 years	Tax Free	No
< 75 years	Crystallised	Income	> 2 years	Tax Free	No
< 75 years	Uncrystallised	Lump Sum	< 2 years	Tax Free	Yes
< 75 years	Uncrystallised	Lump Sum	> 2 years	45%	No
< 75 years	Uncrystallised	Income	< 2 years	Tax Free	Yes
< 75 years	Uncrystallised	Income	> 2 years	Marginal	No
< 75 years	Crystallised	Lump Sum	< 2 years	Tax Free	No
< 75 years	Crystallised	Lump Sum	> 2 years	Tax Free	No
=> 75 years	Crystallised/Uncrystallised	Income	N/A	Marginal	No
=> 75 years	Crystallised/Uncrystallised	Lump Sum	N/A	45%	No

Charity Lump Sum Death Benefit

It is worth noting a lump sum death benefit may also be left to a registered charity free of tax provided:

- no dependants of the ORIGINAL member are alive; and
- the member (or if the member hasn't nominated, the dependant/nominee/successor) nominated the charity.

TIP – Pensions provide a tax efficient vehicle for passing wealth down through generations. The ability to pass on the fund tax-free combined with the tax-free growth means that, even if subject to income tax in the hands of the beneficiary, it may still be attractive. Some may find their family situation demands greater control of the proceeds, but most may be content to allow the funds to remain in the pension wrapper as long as possible. These changes strengthen the perspective that pensions form part of all good IHT planning.

CASE STUDIES

A – Cascading wealth down the generations

Problem: Billy and Mary were married for many years and have raised several children, some of whom have children of their own. Billy ran his own business for most of his life and built up a personal pension which he designated to capped drawdown when he retired two years ago. He then designated to flexi-access drawdown in April 2015 and he completed an expression of wish in favour of Mary.

Sadly, Billy dies in January 2016, age 65. Mary wants to know her future income from her late husband's pension fund. Mary is also concerned about what will happen to the fund on her death.

Solution: As Mary was nominated by an expression of wish, the pension scheme will not be forced into paying to her. But where there are no compelling circumstances for payment to someone else, it is likely Mary will get the benefits. As Billy died aged under 75, Mary has the following choices:

1. dependant's flexi-access drawdown and drawing a tax free income as necessary starting at any time;
2. take a tax-free flexi-access drawdown lump sum death benefit; or
3. annuity or scheme pension.

Mary chooses dependant's flexi-access drawdown. This gives her a tax-free income for life. She immediately completes an expression of wish in favour of her children. Mary survives until she is in her 90s.

On her death, the scheme, having considered all the potential beneficiaries, offers her beneficiaries the following choices:

1. successor flexi-access drawdown with income taxed at marginal rate; or
2. flexi-access drawdown lump sum death benefit, taxed at marginal rate (assuming the post 2015/16 change to lump sum tax occurs).

Mary's children may wish to consider the size of the remaining fund and the impact this would have on their tax position if taken as a lump sum. Additionally, funds in successor drawdown are outside the successor's estate for IHT purposes, unless a binding nomination in favour of a non-dependant is made.

The children choose a charity for any residual pension fund on their deaths. The scheme can choose to follow this nomination, or can pay a flexi-access drawdown lump sum to another beneficiary (but they cannot set up successor drawdown because of the charity nomination). Alternatively, the children could have nominated their own children and continued to cascade any residual funds through the generations.

B – A modern family

Problem: Mike and Sue (both aged 57) are married but separated and have been living apart for the past year. They have grown-up children – no financial dependency. Mike died unexpectedly in June 2015. He had not completed an expression of wish to the scheme setting out his preferences in the event of his death.

Solution: Sue, although estranged, still qualifies as Mike's dependant and therefore qualifies for dependants' flexi-access drawdown. She would also be eligible for a lump sum payment. As Mike was under 75 when he died, any lump sum would be tax-free and (subject to the two year rule) income would be tax-free too.

The scheme would not be able to nominate Mike's children for income from nominee flexi-access drawdown. Where the member did not nominate anyone, nominee flexi-access drawdown cannot be set up for any non-dependant while there is a dependant. However, the scheme could choose to pay a lump sum benefit to the children, which could be paid tax-free as Mike was under 75 (however, this would then form part of the children's estate for IHT purposes).

Valid and up-to-date nominations are essential to ensure that death benefits can be distributed in the most efficient manner, and maximise the options for beneficiaries.

Future developments

- The tax rate for the special lump sum death benefit may change in future. Currently, this is set at 45% regardless of beneficiary, but the government intends to move this to the beneficiary's marginal rate.

In practice, this change will mean little as most have the drawdown option so could take the whole fund as a single income payment, so a lump sum at marginal rate. Payment to a spousal bypass trust is largely unaffected, as the trust's marginal rate remains 45%, for the majority of the payment.

Information given is based on our current understanding, as at March 2015, of current taxation, legislation and HMRC practice, all of which are liable to change and subject to individual circumstances.

Pensions reforms ... what are the opportunities for ICAEW Chartered Accountants?

Although the government has promised that all individuals will have access to guidance to help them with their retirement options, there is widespread concern that this will fail to 'empower consumers to make informed decisions' on their pensions.

ICAEW Chartered Accountants can help bridge the gap between pension guidance and advice.

ICAEW Chartered Accountants are well positioned to provide holistic financial planning to their clients. Working with specialist financial advisers who have detailed technical and product knowledge of the pensions market, they can offer clients an excellent integrated service.

Most of ICAEW's 12,000 member firms limit their exposure to financial services by providing clients with details of a specialist financial adviser regulated by the FCA and avoiding any comment on the advice given.

What is not generally appreciated, however, is that ICAEW is a designated professional body (DPB). **With a DPB licence, ICAEW members can provide complementary advice on financial services matters to their clients.** A DPB licence allows ICAEW Chartered Accountants to:

- explain and evaluate the advice the client receives from a financial adviser;
- identify unsuitable advice from a financial adviser; and
- endorse the advice the client receives from a financial adviser.

A financial plan can be produced to explain how pensions can be used as an appropriate tax mitigation medium and the financial adviser can give specific product advice and arrange the transactions. This allows ICAEW members to provide an integrated service to their clients without surrendering complete control of the advisory process to a financial adviser. And, of course, as their accountant and trusted adviser, charge an appropriate fee.

Any firm that has an ICAEW chartered accountant as a principal can apply for a licence.

The application process is easy and relatively quick and there are no additional qualification requirements. The cost is modest. In 2015 the annual fee for a sole practitioner with one office is £236, and for a firm with two or three partners in a single office it is £478.

The monitoring scheme is light touch; you will need to complete an annual compliance review online and DPB compliance checks are completed on an eight-year cycle and take place with your Practice Assurance visit.

To apply or for more details please visit icaew.com/dpb or contact alan.hind@icaew.com

Join the ICAEW Private Client Community

The pension reforms provide a great opportunity for professional advisers from different disciplines to work more closely together to serve the needs of private clients and develop their business.

The Financial Services and Tax Faculties have created an online Private Client Community to deliver support to the retail financial advice community. It brings together individuals and firms from different disciplines that share the common goal of delivering professional advice and services to the private client market. Membership of the community is open to both Chartered Accountants and other professionals that work in this sector of the market.

As a member the Private Client Community you have access to topical information and insights on matters that directly affect you and your business. You will also be able to share knowledge and experience with our bloggers, interact with colleagues drawn from a variety of backgrounds, and build your business network with like-minded professionals.

Members of the Financial Services and Tax faculties can visit the community at icaew.com/pcc. For those who are not members, please visit icaew.com/joinpcc for further information.

The screenshot shows the landing page for the ICAEW Private Client Community. At the top, there is a navigation bar with 'Home', 'About us', 'Join us', 'Qualifications and programmes', 'Members', 'Technical resources', and 'Library'. Below this is a large heading 'Join the ICAEW Private Client Community' with a sub-heading 'The ICAEW Private Client Community brings together professionals that share the common objective of serving the needs of private clients.' A prominent red button says 'Join the ICAEW Private Client Community'. Below this, there are three columns of benefits: 'Blogs focused in Tech Corner, Regulatory Updates, Legal Eagles and Practice Development sections to help you keep up to date on key issues that affect you and your business.', 'Access to in-depth articles, publications and more detailed material to help support your business and CPD needs.', and 'Ability to share your knowledge and experience and network with fellow private client professionals in our closed community online forum.' There are also icons for 'Tech Corner', 'Regulatory Updates', 'Legal Eagles', and 'Practice Development'.

This screenshot shows the homepage of the ICAEW Private Client Community. The header includes 'Communities', 'Library', 'Finance jobs', and 'economics'. The main heading is 'Communities: share, debate, engage'. Below this is a navigation bar with 'Home', 'Blog', 'Q&A Forum', 'Resources', and 'Using the Community'. The main content area features a large image of hands holding a globe, with text stating: 'This closed community has been established to bring together individuals and firms from different disciplines that share the common goal of delivering professional advice and services to the private client market. As a member the community you have access to topical information and insights on matters that directly affect you and your business. You are also able to share knowledge and experience with our bloggers, interact with colleagues drawn from a variety of backgrounds, and build your business network with like-minded professionals.' To the right, there are sections for 'Find out more' (Financial Services Faculty, Tax Faculty), 'Blog categories' (Faculty News, Legal Eagles, Regulatory Update, Tech Corner, Practice Development, Ian's thoughts), 'Poll results' (Do you think the pensions revolution will lead to... Bright new future? 0.00%, Train crash? 100.00%), and 'Featured Events' (Pensions workshop: Budget pension reforms and business opportunities - 17 March 2015).

The screenshot displays the 'ICAEW Private Client Community Blog'. It features a 'Choice of the day' section with a post titled 'Should the FCA introduce a 15 year Long-stop for FOS claims?' by John Gaskell. Below this, there are sections for 'All blog posts', 'Receive blog updates', 'Latest blogs', and 'Latest comments'. The 'Latest blogs' section includes a post by Steve Webb titled 'Steve Webb Proposes Flat-Rate Pension Tax Relief of 33%'. The right-hand side of the page contains 'Blog categories' (Faculty News, Legal Eagles, Regulatory Update, Tech Corner, Practice Development, Ian's thoughts), 'Faculty News' (Financial Services Faculty, Tax Faculty, Financial Services Faculty Events, Tax Faculty Events), and 'Faculty resources' (Statement of Professional Standing (SPS), Pension Pillars, Pension guidance promise needs more thought, Passing the asset test).

This screenshot shows the 'Create Post' form in the ICAEW Private Client Community. It includes a 'Title' field, an 'Alias' field with a 'Generate alias' button, and a 'Post' text area with a rich text editor. Below the text area are sections for 'Recent questions' and 'Latest responses'. The right-hand side of the form contains 'Faculty News' (FSP Faculty, FSP Member firms), 'Latest tax updates' (RTI - SpE and tricks, RTI - You've missed an HMRC deadline, Onshore Employment Intermediaries: Raise Self-Employment - latest news, Admin Business Advisory Board Report 2014, OECD webinar on BEPS project), and 'Contact Us' (Having a problem on the site?, Give us your thoughts and feedback). At the bottom, there are social media icons for LinkedIn, Facebook, and Twitter, and a 'Delete post image' button.

Budget 2015 summary

PENSIONS

- Annual Allowance, Pension Commencement Lump Sum and tax relief are unchanged.
- The lifetime allowance for pension pots is to be reduced from £1.25 million to £1 million from next year, then being increased by CPI from 2018. A new form of fixed and individual protection will follow. This change looks likely to catch many more people, particularly those with defined benefit schemes.

SAVINGS

- New Help to Buy ISA. Only available to first time buyers, the Government will provide a 25% bonus on contributions and interest, only usable to purchase a main residential property (under £450,000 in London and £250,000 anywhere else). The maximum bonus is £3,000 on a £12,000 pot. Savers will be able to contribute a maximum of £200 a month, after a maximum £1,000 contribution at opening, and they cannot open another cash ISA. They can make withdrawals at any time from the non-bonus element and access the bonus once it reaches £400.
- Increase in the annual savings limit for ISAs to £15,240.
- Ability to allow cash ISA customers to withdraw their ISA money and reinvest within the year without affecting their annual subscription limit.
- New tax-free Personal Savings Allowance (PSA). An allowance of £1,000 for basic rate taxpayers and £500 for higher rate taxpayers only i.e. a £200 per annum saving for both. From April 2016 banks will stop making automatic tax deductions.

PERSONAL TAX

- Personal tax allowance will rise to £10,600 in April 2015, £10,800 in 2016/17 and £11,000 in 2017/18.
- Higher rate threshold will increase to £42,385 in 2015-16 to £42,700 in 2016-17 and then to £43,300 by 2017-18.
- The transferable tax allowance for married couples will increase to £1,100.
- Annual paper tax returns are to be abolished, to be replaced by a digital system.

ANNUITIES

- Intention that from 6 April 2016, pensioners in receipt of annuity income will be able to sell their future income entitlement to a third party, subject to agreement from their annuity provider. A consultation and call for evidence has been launched to explore the practicalities and taxation.

INHERITANCE TAX

- Intention to consult on the use of Deeds of Variation for tax avoidance purposes, which will report by autumn 2015.

VENTURE CAPITAL SCHEMES

Changes to be made to EIS, VCT and Seed Enterprise Investment Scheme rules:

- All investments are made with the intention of growing and developing a business.
- All investors are 'independent' from the company at the time of the first share issue.
- Introduce new conditions to limit companies where the first commercial sale took place within the previous 12 years.
- Employee limit for knowledge-intensive companies to be increased to 499 employees.
- £15 million cap on total investment a company may receive under the EIS and VCT, or £20 million for companies that can demonstrate they are 'knowledge-intensive'.
- From 6 April companies benefitting substantially from subsidies for the generation of renewable energy will be excluded from also benefitting from EIS, SEIS and VCTs, unless the company is a qualifying community energy organisation which will in future become eligible for the Social Investment Tax Relief (SITR), with transition period of 6 months; and remove the requirement that 70% of SEIS money must be spent before EIS or VCT funding can be raised.
- New reliefs announced aimed to further encourage growth and investment in the creative sectors.
- Introduction of Social Venture Capital Trusts.

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