THE SOCIETY OF PENSION PROFESSIONALS
making pensions work

The Society of Pension Professionals (SPP) response to the HMRC consultation on Normal Minimum Pension Age Transitional Provisions Regulations

1. Executive summary

1.1. **The SPP believes that improved clarity is essential.**
The Regulations should provide clear, consistent treatment for members aged 55 or 56 on 6 April 2028, given the risk of unauthorised payment charges and the complexity of protected pension age provisions.

1.2. **Our members strongly believe that existing pensions in payment should be protected.**
HMRC should formally confirm that pensions already in payment before 6 April 2028 can continue uninterrupted, ideally through the Pensions Tax Manual or clearer legislation.

1.3. **The transitional easement should apply consistently.**
The same protection should extend to all lump sums to which the normal minimum pension age rules apply where entitlement arose before 6 April 2028 but payment is delayed for administrative or other reasons.

1.4. **The consequences of inconsistency could be significant.**
Without a broader easement, members and schemes could face potentially substantial unauthorised payment charges, or disrupted administrative processes, through circumstances outside their control.

1.5. **Authorised member surplus payments need transitional protection.**
Members who have received such payments before 6 April 2028 should remain able to receive further such payments on/after 6 April 2028 but before they reach age 57, to avoid unnecessary member confusion and administrative complexity.

1.6. **The final framework should be completed quickly.**
HMRC should finalise and lay the Regulations as soon as possible, giving schemes sufficient time to update systems and communications and to explain the changes to members.

2. Consultation response

2.1. An administrative error for payments involving normal minimum pension age is not just a process problem. Since unauthorised payment charges can arise, schemes need the fullest clarity as to how members aged 55 or 56 on 6 April 2028 can be treated. This is particularly the case given that schemes will also be applying complex transitional provisions around protected pension ages.

2.2. We appreciate the opportunity to respond to this consultation to help clarify the position in some key areas.

2.3. <u>Pension in payment to a member aged 55 or 56 on 6 April 2028 where the member has already received the first payment of pension before that date</u>

2.4. The draft Regulations do not address this scenario.

2.5. We note that HMRC's Pension Schemes Newsletter 180[1] (first example) indicates that in this scenario, the pension can continue in payment without interruption as an authorised payment, as pension rule 1 under section 165 of the Finance Act 2004 has been satisfied (presumably at the point the pension was first put into payment). This is consistent with Newsletter 44[2].

2.6. As a result, we assume that HMRC does not consider that any specific savings provisions are required in the draft Regulations.

[1] **HMRC Newsletter 180, April 2026:**
https://www.gov.uk/government/publications/pension-schemes-newsletter-180-april-2026
[2] **HMRC Newsletter 44, December 2010:**
https://webarchive.nationalarchives.gov.uk/ukgwa/20110109132006/http://hmrc.gov.uk/pensionschemes/ps-newsletter44.pdf

2.7. Given that the drafting of pension rule 1 is not entirely clear as to whether it is a "once and done" test at the point a pension is first put into payment, or an ongoing test relating to each payment of pension, the SPP requests that HMRC formalises and expands upon the commentary provided in Newsletters 180[3] and 44[4], ideally in a permanent form like the Pensions Tax Manual. We specifically favour guidance consolidation in the Pensions Tax Manual over introducing a standalone 2028 transitional regulation, as doing so maintains consistency with the approach taken for the 2010 NMPA increase under Newsletter 44[5]. Alternatively, if a legislative route is pursued, equivalent 2011 transitional regulations should be updated concurrently to ensure structural alignment

2.8. Scope of the transitional easement for other types of lump sums not referred to in the draft Regulations

2.9. We note that the draft Regulations provide transitional protection where, immediately before 6 April 2028, a member aged 55 or 56 had become entitled to certain lump sums but payment had not yet been made.

2.10. We welcome these provisions, which provide helpful protection in relation to pension commencement lump sums, pension commencement excess lump sums, trivial commutation lump sums and other specified lump sums within scope of the draft Regulations.

2.11. However, it is not clear why equivalent protection is not proposed for other lump sums where a member has become entitled to the lump sum before 6 April 2028, but payment is not made until after that date.

2.12. In particular, this could affect small lump sums and authorised member surplus payments. In each case, a member may have reached age 55 or 56 and become entitled to the payment before 6 April 2028, but payment may be delayed for administrative or other reasons outside the member's control.

2.13. The SPP considers that a consistent approach should apply to all such lump sums where the normal minimum pension age is relevant. The key issue should be whether the member had become entitled to the lump sum before 6 April 2028, rather than the date on which the payment happened to be made.

2.14. Without such an approach, members could face significant and unexpected unauthorised payment charges simply because a payment was made after 6 April 2028. This could arise even where the member had already established an entitlement to the lump sum before the change in normal minimum pension age.

2.15. The SPP therefore requests that HMRC extends the transitional easement to other lump sums where entitlement arose before 6 April 2028 but payment takes place after that date. This would provide greater certainty for members and schemes, simplify administration and ensure a consistent approach across different types of lump sum.

2.16. If HMRC does not intend to extend the transitional easement to other lump sums, the SPP requests that HMRC clearly explains the policy rationale for the distinction. This will be important to enable schemes to communicate the position clearly to affected members and deal consistently with any subsequent complaints.

2.17. Treatment of uncrystallised funds pension lump sums (UFPLS)

2.18. A related issue arises in relation to UFPLS, where a member aged 55 or 56 may have taken all necessary steps under the relevant pension scheme's rules to claim the UFPLS before 6 April 2028, but for administrative or other reasons the UFPLS is not actually paid until after that date. The Finance Act 2004[6] states that a person becomes entitled to an UFPLS only immediately before it is paid. In this scenario, entitlement would therefore arise after the increase in NMPA.

2.19. The SPP requests that HMRC consider this scenario closely and provide the industry with clarity by way of amendments to the Regulations (which the SPP appreciates will need to be different in their drafting to the existing easements for lump sums, for which entitlement is treated differently under the Finance Act 2004) to give schemes confidence that such UFPLS payments can continue to be paid in these circumstances, in a way that is consistent with the wider transitional provisions in the Regulations.

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[3] **HMRC Newsletter 180, April 2026:**
https://www.gov.uk/government/publications/pension-schemes-newsletter-180-april-2026
[4] **Ibid**
[5] **Ibid**
[6] **Section 166(2)(aa)**

2.20. This is separate from the issue addressed in HMRC's Pension Schemes Newsletter 180[7], which confirms that the fact that an UFPLS was paid to a member before 6 April 2028 does not in itself give a member an entitlement to take further such lump sums after that date while they remain under age 57.

2.21. If the change requested above is not made by HMRC, the SPP requests that HMRC confirms the rationale for its approach, and provides clarity as soon as possible, to allow schemes to manage the administration of this issue.

2.22. <u>Terminology for members aged 55 or 56</u>

2.23. The draft Amendment Order uses the phrase "*the member was aged between 55 and 56 (inclusive)"* when referring to someone's age on 5 April 2028.

2.24. However, this is confusing because it might be understood to mean that the person had reached 55 but had not yet reached 56.

2.25. To make the meaning clearer, it would probably be better to say:

2.26. "*The member had reached the age of 55 but had not yet reached the age of 57*."

2.27. This makes it clear that the rule applies to anyone who was 55 or 56 years old on 5 April 2028.

2.28. <u>Authorised member surplus payments</u>

2.29. The SPP's view is that where a member has already been paid an authorised member surplus payment before 6 April 2028, they should remain entitled to receive further such payments until they reach 57 i.e. a transitional provision should be introduced.

2.30. The alternative is potentially confusing for members who may (i) receive one or more such payments before 6 April 2028; but (ii) after that date, only receive a deferred entitlement. This is also likely to create administrative challenges.

2.31. <u>Drafting comment</u>

2.32. The final Regulations should be re-numbered (as the Schedule appears to start at paragraph 2).

2.33. <u>General commentary on timing</u>

2.34. The SPP requests that work on finalising and laying the Regulations is progressed as quickly as possible to give pension schemes and their administrators as much time as possible to communicate with their membership about their retirement options in connection with the 6 April 2028 changes.

2.35. As with any change in pensions legislation, there will also be significant lead-in time for systems and communications changes, and again the SPP requests that the framework is finalised to permit industry to approach this in good time.

2.36. The SPP is also concerned that any delay in finalising the Regulations could increase the risk of uncertainty, misinformation and speculation among members in their mid-50's

2.37. Members in their mid-to-late 50s may be particularly sensitive to the changes and may seek to bring forward, defer or otherwise alter their retirement or pension decisions based on their understanding of the new rules.

2.38. Where the final position is not yet clear, there is a risk that members may make sub-optimal decisions based on incomplete or inaccurate information.

2.39. Early confirmation of the final rules would allow schemes and administrators to provide clear and consistent communications, reducing the scope for speculation and helping members make informed decisions about their retirement options.

2.40. The SPP therefore considers that finalising the Regulations promptly is vitally important not only from a systems and administration perspective, but also from a member outcomes perspective.

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[7] **HMRC Newsletter 180, April 2026:**
https://www.gov.uk/government/publications/pension-schemes-newsletter-180-april-2026

3. About The Society of Pension Professionals

3.1. The SPP is the representative body for a wide range of providers of advice and services to pension schemes, trustees and employers. Our work harnesses the expertise of our membership, striving for a positive impact on pension scheme members, the pensions industry and its stakeholders.

3.2. The breadth of our members is a unique strength for the SPP. Our membership of 90 corporate organisations employs over 20,000 pension professionals including actuaries, lawyers, professional trustees, DC consultants, investment managers, providers, administrators, covenant assessors, and other pension specialists.

4. Further information

4.1. For more information about this consultation response please contact SPP Director of Policy & PR at: phil.hall@the-spp.co.uk or telephone the SPP on 0207 353 1688.

4.2. To find out more about the SPP please visit the SPP web site: https://the-spp.co.uk/

4.3. Connect with us on LinkedIn at: https://www.linkedin.com/company/the-society-of-pension-professionals/

4.4. Follow us on X (Twitter) at: https://twitter.com/thespp1

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