

**STEPHENSON
HARWOOD**

PENSIONS SNAPSHOT

September 2026

IN THIS MONTH'S SNAPSHOT WE COVER...

- + HMRC's latest IHT Technical Note
- + Dashboard preparations, member behaviour, and queries
- + Pensions Regulator's new enforcement approach
- + Converting GMPs – proposals for change
- + Moving towards the Normal Minimum Pension Age increase
- + Thinking about AI
- + Dates for your diary

HMRC'S LATEST IHT TECHNICAL NOTE

We recently sent out an [update](#) about how pension scheme administrators' (PSAs) provision of information duties will alter, as a result of the April 2027 changes which will bring some pension scheme death benefits into scope for inheritance tax (IHT) for the first time.

HMRC has now issued its [second Technical Note \(TN\)](#) on the pensions aspects of the IHT changes, focusing on the information sharing implications. The TN includes drafts of: Guidance on evidence of a Personal Representative's (PRs) identity and authority to act, a Withholding Notice, and a Payment Notice (final versions are expected "in due course").

Schemes will still have to wait until Spring 2027 for Guidance despite concerns voiced about how that timing would work, given all the measures which will need to be taken by scheme administrators and trustees for the requirements to work in practice.

As well as setting out the processes involved in meeting the information requirements, HMRC reminds schemes that the (up to) 5 stages may occur concurrently:

1. Death notification and basic information, including the notional pension property valuation,
2. Further information sought by PRs when they must file an IHT account, including what each beneficiary's share of the notional pension property will be,
3. Withholding Notice instructing the PSA to withhold up to 50% of the notional pension property,
4. Payment Notice instructing the PSA to pay all/some of the IHT, and
5. Payment of tax-free lump sum death benefits – information for the PR to work out whether the lump sum and death benefit allowance has been exceeded (the TN promises future Guidance on this).

One point on which the regulations* are unclear is the question of whether PSAs will need to determine that a surviving spouse or civil partner is IHT exempt. The TN says that they won't have to do that in relation to the spouse/civil partner (although they would be required to check in respect of other "potentially exempt" beneficiaries, such as charities). The TN goes on to say that the PRs can confirm whether the spouse/civil partner is exempt "if known" when completing the Withholding Notice, and that the PSAs can rely on this. It's not clear on what basis PSAs would necessarily feel comfortable doing so, especially since a Withholding Notice could be issued by a prospective PR. It's also unclear what would happen if a Withholding Notice isn't used.

The TN also says that the clock on basic information provision only starts ticking once the trustees have evidence of the PR's/prospective PR's identity and authority to act, but this is not the case under the regulations.

What's next?

The TN will need to be borne in mind by PSAs and trustees preparing for the information requirements.

HMRC plans to issue a third TN this Autumn, which is expected to include situations where not all parties are long-term UK tax residents, as well as the interaction between IHT and income tax, further guidance on intestacy, and matters relating to charities and trusts.

* [The Registered Pension Schemes \(Provision of Information\) \(Miscellaneous Amendments\) Regulations 2026 \(SI 2026/818\)](#)



DASHBOARD PREPARATIONS, MEMBER BEHAVIOUR, AND QUERIES

FIRST PREPARATIONS

Trustees will need to make sure that their scheme administration contract is updated to take account of the Dashboard compliance reporting duties which they will be responsible for. Please see our [August Quarterly Update](#) for more information on PASA's compliance monitoring guidance.

Dashboard preparations should also include a Data Protection Impact Assessment, along with any updates to privacy notices and internal data protection policies (please see our [update](#) on this, published earlier this year).

The Dashboards programme provides schemes with a further incentive to double-check their member records, particularly since this cuts across forthcoming DC and hybrid scheme Value for Money quality of services requirements (please see our [DC Overview series](#) for more on Value for Money).

MEMBER BEHAVIOUR TRENDS

PASA has also published a [toolkit](#) encouraging administrators to capture member behaviour trends once Dashboard use is up and running, so that they can report their findings back to trustees. The toolkit says that the Pensions Regulator and MaPS are keen for administrators to do this, the aim being to identify areas of non-compliance, or areas for potential improvement. Trustees may wish to consider whether their scheme administration agreement should include wording on this.

QUERIES

PASA has also drawn up [interim guidance](#) on how to deal consistently with Dashboard queries from members, in the expectation that schemes will tailor the responses to their own approach.

The Q&As point out that members will not be able to transfer pensions or carry out transactions through a Dashboard but that this may change in the future.

The guidance offers schemes a starting point on how to engage initially with members. Once members go on to use the Dashboard, schemes will have to comply with the legislative requirement* to monitor contact from them in the shape of queries, feedback, or complaints.

TIMING

The final connection deadline is 31 October 2026. The Government-backed first Dashboard (called MoneyHelper) is [expected](#) to launch in the 2027/28 financial year (the expectation is that the pensions industry will be told 6 months ahead of the launch date picked by the Secretary of State for Work and Pensions).

* under the [The Pensions Dashboards Regulations 2022](#)

PENSIONS REGULATOR'S NEW ENFORCEMENT APPROACH

The Pensions Regulator (**TPR**) has published its new [Enforcement approach](#), alongside its [response](#) to its 2025 [consultation](#).

TPR says that it will implement the new approach through a phased programme of work by reviewing internal processes and externally published enforcement policies and guidance (people responding to the consultation sought more clarity on how the principles will apply in practice). This means that schemes dealing with an actual or potential enforcement situation will need to take advice on how best to proceed at the moment.

The revised enforcement framework takes a high-level, principles-based approach, focused on:

- + **Impact** (potential/actual harm – including severity of member detriment, risk to market integrity/member confidence, and opportunity to set a precedent/drive behavioural change),
- + **Scale** (actual /potential number of members, schemes or employers affected, size of scheme/employer, potential systemic/contagion risk), and
- + **Complexity** (legal/technical/operational challenges, number of parties/jurisdictions, level of investigation/specialist expertise required).

Poor quality data and administration may raise the scale rating “*even when issues appear technical*”, so this presents another reason for schemes to focus on those areas.

High impact or scale cases will generally be prioritised even if they are low complexity. High complexity cases “*will be pursued where they support [TPR’s] strategic objectives and offer a clear opportunity to deliver meaningful results for pension schemes, members, and the wider system*”. Formal enforcement action is less likely in low scale and low impact cases, unless they form part of a broader pattern or present a risk of escalation.

There are 5 objectives, measured against 4 outcomes (prevention, reparation, accountability, and member confidence). The objectives are:

1. Targeted enforcement (aimed at key risks and harms to members, with the greatest impact);
2. Impactful enforcement;
3. Decisive action on non-compliance, regulatory breaches, and economic crime;
4. Enhanced transparency; and
5. Data-driven enforcement.

Concerns were raised during the consultation about possible over-reliance on data. TPR’s response says that decisions about opening investigations, escalation or closure will always be made by people (although the enforcement framework itself says TPR will automate and streamline key processes where appropriate).

TPR plans to increase collaboration between enforcement and supervision colleagues so it may be that schemes will see the former joining the latter on supervision engagements “*to help set clear expectations, timelines, and actions to prevent escalation*”, but “*Not necessarily because enforcement action is imminent*”.



CONVERTING GMPS - PROPOSALS FOR CHANGE

GMP conversion is one of the methods by which a scheme can equalise its GMPS, and the DWP is now consulting on changes which are intended to facilitate such exercises.

The changes will apply only to conversion exercises launched after the amending regulations come into effect, so schemes in the process of consulting members before then would still be subject to the existing requirements.

The DWP wants to:

- + **Clarify that survivors must receive half the pension, not just half the GMP** – The DWP says that most schemes do this anyway in relation to death post-retirement so the impact would be minimal. The consultation does recognise, however, that those schemes currently paying a survivor's pension below 50% of the member's pension where death happens before retirement will experience additional costs (but these would be low because most members don't die before reaching age 60/65).
- + **Simplify when survivors' pensions are paid** – Broadly, the consultation links the payment circumstances to a survivor meeting one of the following criteria: 1. reaching State Pension Age, or 2. living with a child, or 3. receiving certain benefits*, or 4. reaching age 45 when: the member dies, the benefit entitlements end, or the survivor no longer lives with a child. The draft changes also remove schemes' ability to stop paying GMP conversion survivors' pensions on remarriage or civil partnership or cohabitation (although 2014 DWP research notes that only 8% of schemes apply remarriage restrictions).
- + **Require that trustees seek consent to the conversion proposal from the scheme's statutory employer for scheme funding purposes. If all the employers of a scheme agree, they can be represented by a single, nominated, employer** – This follows on from the 2022 Act** replacement of "employer" with "relevant person", which was introduced to deal with situations where the employer during GMP accrual no longer exists, making it difficult for trustees to work out whose consent should be sought.
- + **Reduce the costs of schemes repeatedly engaging an actuary to sign off each individual conversion calculation throughout the year, by allowing the actuary to certify the methodology every year instead** – The consultation sets out how the process for this would work in practice. Schemes would not have to use this option and could just stick with the existing requirements, however.

Trustees considering a GMP conversion should bear in mind that their approach to survivor pensions may be affected by the changes put forward. They should also note that the "relevant person" to be consulted on a conversion exercise will be the scheme funding employer. Regarding individual member conversions, they may wish to consider methodology certification by the actuary, to streamline the process.

[Consultation on Draft Occupational Pension Schemes \(Schemes that were Contracted-out\) \(No 2\) \(Amendment\) Regulations 2026 \(closing 29 October\)](#)

* child benefit, widowed parent's allowance, bereaved support payment

** Pension Schemes (Conversion of Guaranteed Minimum Pensions) Act 2022

MOVING TOWARDS THE NORMAL MINIMUM PENSION AGE INCREASE

HMRC has published a draft Order setting out transitional provisions for people aged 55 or 56 immediately before the Normal Minimum Pension Age (**NMPA**) increase to age 57, which is due to happen on 6 April 2028. Members with a Protected Pension Age will not need to avail themselves of the transitional provisions.

The draft legislation addresses the situation where the member's entitlement to pension or a lump sum* arises on or before 5 April 2028 but payment hasn't been made before 6 April 2028. Entitlement to a benefit means having an actual (rather than a prospective) right to receive it**. The Explanatory Note to the draft Order anticipates the member having already taken steps by 5 April 2028 in order to access their benefit.

Members satisfying the transitional provisions' age and entitlement requirements will be treated as though they had reached age 57 immediately before the payment is made, so their benefits would be authorised payments under the pensions tax regime.

Although the new age 57 NMPA is more than 18 months away, members will need to be reminded of this in plenty of time (say, 6 months ahead of the change) so that they can plan, and those individuals who will be age 55 or 56 on 5 April 2028 should be told that transitional provisions will be in place by then.

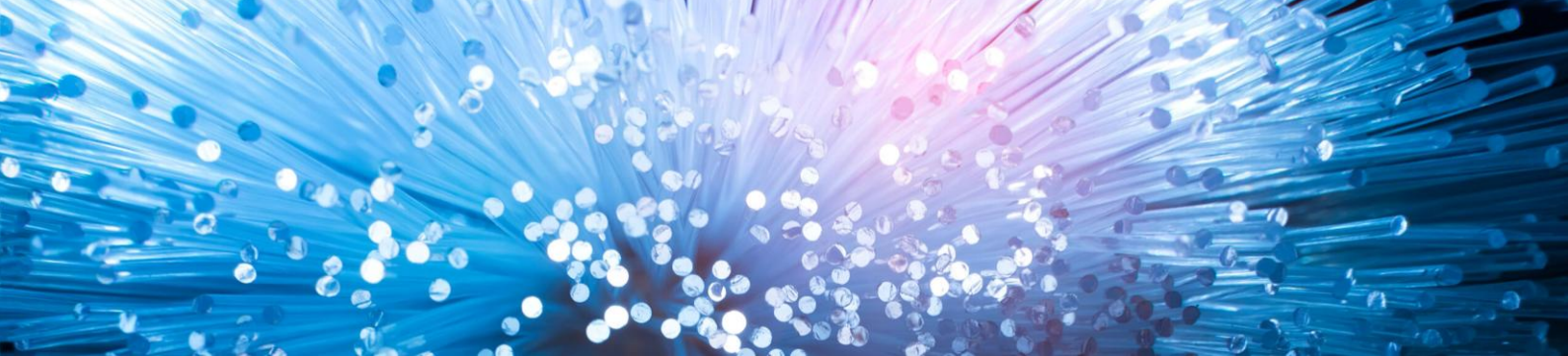
The consultation closes on 28 September.

[DRAFT - Normal Minimum Pension Age Transitional Provisions Order](#)

* stand-alone lump sum, pension commencement lump sum, pension commencement excess lump sum, or trivial commutation lump sum (including further TCLSs where entitlement to the additional TCLS arose on or after 6 April 2028)

** under the Finance Act 2004





THINKING ABOUT AI

Trustees may wish to start thinking about the practical aspects of AI's impact on pensions. The Society of Pension Professionals has published a Framework on this, which includes:

- + Assessing whether any changes should be made to the scheme administration contract,
- + Considering how, as trustees, their own use of AI should be governed and whether there are any AI training gaps that need to be filled,
- + Giving thought to whether AI may change the employer's risk profile and consequently the employer covenant,
- + Working out how data governance is followed when using AI,
- + Establishing whether there are any areas in existing governance and breach reporting frameworks that need updating to include AI use, and
- + Supporting members who use AI, to counter the risks of inaccuracy and fraud/scams.

Trustees considering their approach to AI will need to take on board its availability to all pensions protagonists (those who run, or provide services to, schemes, and members). This is likely to involve decisions on how best to take advantage of AI's opportunities, while introducing safeguards so that all those involved can benefit.

Trustees should also refer to the Pensions Regulator's [expectations](#) (published earlier this year) regarding trustees' use of AI.

[Governance in the Age of AI - SPP](#)

DATES FOR YOUR DIARY



**2026 (NO SPECIFIC
DATES KNOWN YET)**

The Verity judgement

LATE AUTUMN 2026

Surplus extraction guidance consultation expected from the Pensions Regulator

FIRST HALF OF 2027

VFM Code of Practice consultation expected from the Pensions Regulator

SPRING 2027

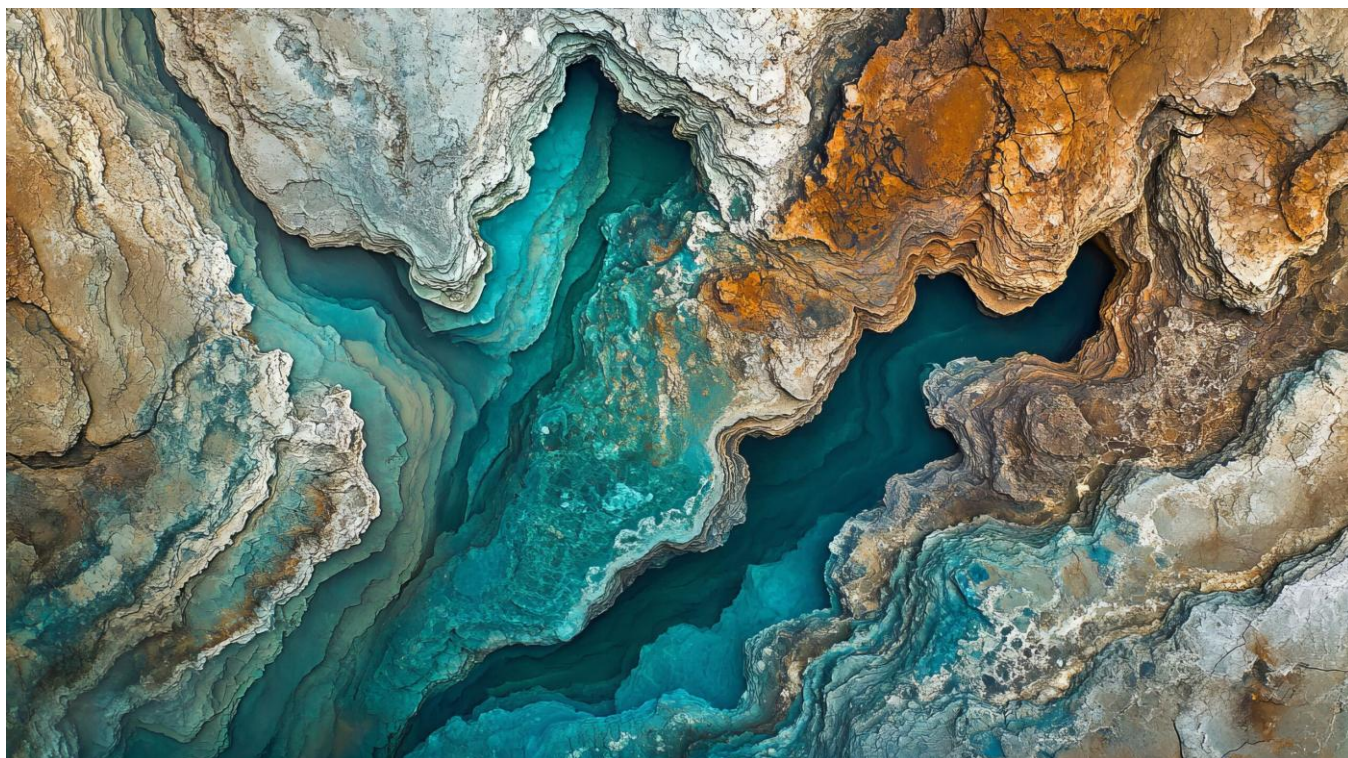
HMRC guidance on IHT and pensions change

FROM APRIL 2027

Surplus extraction legislation and guidance expected to be in force

BY 6 APRIL 2029

HMRC guidance on salary sacrifice changes



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