



# PASA GMP Working Group

**Briefing Note – GMP Reconciliation and Transitions**

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# GMP Reconciliation & Transitions

<b>Section</b>	<b>Content</b>	<b>Page</b>
<b>1</b>	Introduction	<b>1</b>
<b>2</b>	GMP Reconciliations	<b>2</b>

# Acknowledgments

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## 1. Introduction

The PASA Code of Conduct on Administration Provider Transfers is designed to ensure any transition of administration services between providers is managed in a professional manner and focuses on the best interests of the trustees and scheme members.

Increasingly however, administration providers are being asked to undertake projects as part of the services which they provide, and it's equally important data and information for those projects is handed over to the new provider as part of any transition. Records need to be handed over so the new administrator:

1. Has an audit trail covering any changes to data
2. Can recreate any calculations if there's a need in future
3. Has a log of any trustee decisions made or knows where those decisions are recorded if required

In considering the above it's noted this may require some discussions around Intellectual Property Rights (IPR) especially where calculations are involved. These discussions should form part of drafting and agreeing the Exit Agreement.

## 2. GMP Reconciliations

### GMP reconciliation workbooks

The purpose of this Briefing Note is to address this requirement in relation to GMP reconciliations, but the principles could equally apply to the requirements for other rectification and/or remediation projects.

Since the cessation of contracting out in 2016, schemes contracted out on a salary-related basis have been working with Her Majesty's Revenue and Customs (HMRC) to reconcile Guaranteed Minimum Pensions (GMPs) held within the scheme. For many this work has now been concluded, or is close to being finished, and the tools and documentation used in the project are likely to be archived.

PASA has already produced Guidance on the GMP reconciliation process which can be found [here](#) and this Briefing Note is designed to supplement that Guidance.

An important point to note is often GMP reconciliations are completed 'off system' and, where this is the case, often using Excel workbooks. These workbooks are likely to include key information such as:

- The GMP at the date of cessation of contracting out provided by HMRC
- The GMP at the date of cessation of contracting out held on the administration system
- The outcome of any query resolution where the above figures don't agree
- The GMP included on the final listing provided by HMRC – it may also have a comparable figure from the administration system

It's also important to note sometimes changes arising following a GMP reconciliation exercise aren't in relation to the amount of a member's GMP, but whether a member has an entitlement to a GMP which may have created an additional liability for the scheme. This information is likely to be contained in the workbook. The workbook may also contain figures obtained from the GMP Checker where these have been used in the reconciliation process.

The key points to note here are:

- The ceding administrator should hand over any workbooks to the new administrator. It's not sufficient to only provide a report confirming the final position with no evidence showing how this position has been reached i.e. an audit trail of the changes will be required
- The ceding administrator should, if necessary, provide a document detailing the data held in the document and the significance of the data
- Information should be provided so the receiving administrator understands which records have been updated and, if appropriate, what further updates are required. It's increasingly seen as good practice to have a 'GMP reconciled' flag on the administration database. As well as being useful on transition it can save administrators time having to verify GMP figures through the GMP Checker if this piece of work has already been completed

### Decisions log

GMP reconciliation projects will involve trustees making a number of decisions from setting tolerances to deciding whether to accept a GMP liability where none previously existed, to retaining a revaluation rate different to that provided by HMRC. As many GMP reconciliation projects were started some time ago, governance may not have been in place to capture all decisions relating to the GMP reconciliation project in one place. Nonetheless, having access to those decisions will be important for the new administrators and they should therefore satisfy themselves:

- A. All the important decisions have been recorded, noting these may be in different documents
- B. The location of the documents where these decisions are recorded
- C. They'll have access to these decisions should they be required

Assuming all decisions have been recorded there would be no requirement for the transferring providers to compile these into one document unless the trustees asked for this work to be completed. In which case it's likely, and probably reasonable, for the ceding administrator to charge a fee for undertaking this work.



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