

## **Secondary annuities market – legislating to define which annuities are in scope**

### **Department for Work and Pensions**

**RPC rating: validated**

#### **Description of proposal**

The proposal is to introduce regulations that will define which annuities are in scope of the secondary annuity market that the Government are introducing from April 2017.

#### **Impacts of proposal**

Businesses and occupational pension schemes that provide annuities will need to understand the rules of what is in scope of the secondary annuity market, and go through a process to determine whether or not to allow their annuitants to assign their annuities. This can be decided as part of a regular board or trustees' meeting. The IA explains that this would affect 217 businesses and occupational pension schemes and estimates the total one-off cost to be £0.04 million.

The Department does not expect there to be ongoing costs. The IA explains that, although on a per-case basis businesses and occupational pension schemes may incur additional costs to determine whether an individual's annuity product is in scope, businesses would factor this in when making their initial decision to opt-in. The ongoing cost of assigning annuities is covered by tax legislation and, therefore, is not in scope of this assessment.

#### **Quality of submission**

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will be accounted for under the business impact target.

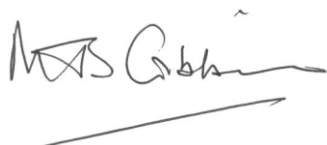
Although not affecting the EANDCB in this case, the IA should use a ten-year appraisal period to assess the total costs and benefits of the policy.

### Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	Zero
Business net present value	£0.04 million

### RPC assessment<sup>1</sup>

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated	Zero
Business impact target (BIT) score	Zero
Small and micro business assessment	Not required (fast track low-cost regulation)



**Michael Gibbons CBE**, Chairman

<sup>1</sup> For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.