

Trustee agenda update: current legal issues

For August 2021 meetings

DC schemes

Welcome to our monthly update on current legal issues for trustees of DC pension schemes, designed to help you stay up to date with key developments between trustee meetings, and to support the legal update item on your next trustee agenda.

Climate change-related duties **UPDATED**

New climate change-related duties will come into force from 1 October 2021, including: trustee knowledge and understanding (TKU) requirements in relation to climate-related risks and opportunities; governance, strategy and risk management activities; and reporting requirements.

The duties will be rolled out in phases, starting with the largest pension schemes (with £5bn+ in assets) and master trusts. Schemes with £1bn+ in assets will follow a year later. Read the regulations ([here](#) and [here](#)) and **statutory guidance**.

ACTION: Ensure that trustees receive training on the new duties and that appropriate TKU is in place before the applicable date for your scheme. Schemes in the first phase of the rollout will need to review and update processes.

Changes to DC reporting

Trustees of relevant schemes will be required to publish their net investment returns on DC default and self-select funds as part of the chair's statement, with effect from the scheme year ending after 1 October 2021.

In addition, small (under £1 million in assets) schemes will have to undertake a specific DC value for members assessment, measured against three comparator schemes, and report on whether or not the scheme provides good value.

Statutory guidance has been published to support trustees with these new requirements. **Read the guidance.**

Statutory guidance on reporting costs and charges has been updated to reflect changes in relation to the smoothing of performance fees and to clarify points on the illustrations used in the chair's statement. **Read the guidance.**

ACTION: Review the changes and implement appropriate changes to processes and information flows.

Latest scams code of practice

The updated industry code of practice on combating pension scams includes an increased emphasis on telephoning members, documenting evidence, and wider reporting: **read the code**.

The Pensions Regulator (TPR) has urged schemes to be on high alert and to report suspected scams. The government has consulted on related changes to statutory transfer rights. **Watch our webinar on scam-related developments.**

ACTION: Review scheme practices against the code and update promptly, as required.

Providing support with financial matters

TPR and the Financial Conduct Authority (FCA) have published updated guidance on providing members with support on financial matters without requiring authorisation: **read the guidance**. Issues covered include adviser arrangements and the provision of modellers and illustrative examples. **Watch our webinar on the new guidance.**

ACTION: Review current scheme practices and seek advice as appropriate.

Pensions dashboards **UPDATED**

PASA has published **guidance on preparing for dashboards** (its **data management plan guidance** may also be of interest). The Pensions Dashboards Programme has an information hub for data providers including pension schemes: **visit the hub**.

Onboarding is expected from 2022 (voluntary) and 2023 (mandatory).

ACTION: Arrange training and schedule relevant projects into your business plan.

Have your say

- TPR is consulting on its approach to regulating the upcoming climate change-related duties; the consultation closes on 31 August 2021. **Read the consultation.**
- The government is consulting on proposed regulations for collective DC schemes; the consultation closes on 31 August 2021. **Read the consultation.**
- The government is consulting on draft regulations to implement its 'stronger nudge' to pensions guidance; the consultation closes on 3 September 2021. **Read the consultation.**
- The government is consulting on draft legislation to implement the planned increase to normal minimum pension age (from age 55 to 57) in 2028, and to make changes to the mandatory scheme pays facility. The consultation closes on 14 September 2021. **Read the consultation.**

Watch this space

- The government is planning to make changes to statutory transfer rights in the autumn: **read more.**
- The government has consulted on changes to permitted charges in default arrangements in DC schemes used for auto-enrolment: **read more.**
- The government has consulted on the case for greater consolidation in the DC market: **read more.**
- Regulations to replace the current regime on strategic objectives for investment consultancy providers and competitive tenders for fiduciary management services are now expected in the first half of 2022.
- The government is considering solutions to the proliferation of small, deferred DC pension pots: **read more.**
- A new industry code of practice for transfers, including target timescales, is expected this year. Although aimed at DB transfers, PASA encourages the application of its best practice principles to DC transfers.

Need help with a pensions dispute? Visit [allenoverly.com/pensionsindispute](https://www.allenoverly.com/pensionsindispute).

Looking for resources on a range of DC-related issues? Visit [allenoverly.com/DCHQ](https://www.allenoverly.com/DCHQ).

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