

Trustee agenda update: current legal issues

For November 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.

Simpler annual benefit statements **NEW**

New requirements for simpler annual statements will be implemented from 1 October 2022. The requirements will apply to statements provided to members by DC automatic enrolment schemes (where the member is not in receipt of benefits).

Read the regulations and statutory guidance.

ACTION: Discuss with administrators.

Climate change-related duties **UPDATED**

New climate change-related duties came 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. **Visit our new information hub – Sustainability and UK pension schemes: Preparing for the new TCFD requirements.**

The duties are being 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**. The government is currently consulting on expanding the requirements from 1 October 2022 to include a portfolio alignment metric (see Have your say).

The Pensions Regulator (TPR) is due to confirm its regulatory approach: **read more**.

ACTION: Ensure that trustees receive training on the new duties and that appropriate TKU and governance updates are in place before the applicable date for your scheme.

Changes to DC reporting **UPDATED**

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. This will apply for the first scheme year ending after 1 October 2021.

Small schemes (under £100 million in assets) that have been operating for at least three years 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. This will apply for the first scheme year ending after 31 December 2021.

Read the regulations.

Statutory guidance has been published on the new requirements: **read the guidance**. Existing statutory guidance on reporting costs and charges has been updated: **read the guidance**.

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

Pension scams

TPR has urged schemes to be on high alert and to report suspected scams. Related changes to statutory transfer rights are expected shortly (the industry code of practice on scams will also be updated).

ACTION: Maintain a watching brief on scam risks and upcoming changes. Ensure processes are in place to review scheme practices against the changes and update promptly, as required.

Have your say

- TPR and the Financial Conduct Authority have published a discussion paper on value for money in DC pensions, which proposes a common framework for disclosing information on investment performance, scheme oversight and costs and charges. The deadline for comments is 10 December 2021. **Read more.**
- TPR is consulting on new enforcement policies on: overlapping powers; monetary penalties; and information-gathering powers. The consultation closes on 22 December 2021. **Read more.**
- The government is consulting on introducing Paris alignment reporting for trustees in scope for the new climate change-related duties, plus proposed new guidance on statements of investment principles and the implementation statement. The consultation closes on 6 January 2022. **Read more.**

Watch this space

- Further information on the dashboards rollout is expected in winter: **visit the information hub for pension schemes.** A summary of key themes in response to the call for input on the rollout has been published: **read more.** PASA has published **guidance** on preparing for dashboards. Onboarding is expected from 2022 (voluntary) and 2023 (mandatory).
- The government is planning to implement its 'stronger nudge' to pensions guidance; draft regulations indicate this may be introduced from April 2022: **read more.**
- The government has consulted on changes to permitted charges in default arrangements in DC schemes used for auto-enrolment: **read more.**
- TPR has consulted on its proposed single code of practice: **watch our webinar on the proposals. Read TPR's interim response.**
- 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.
- The government has consulted on proposed regulations for collective DC schemes: **read more.**

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

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