

# Trustee agenda update: current legal issues

For April 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.

## Pension Schemes Act **UPDATED**

The Pension Schemes Act includes new governance and risk management arrangements relating to climate risks and opportunities, provisions to limit transfer rights, and frameworks for collective DC schemes and for pensions dashboards: **read the Act**.

A number of changes are expected to come into force in October. The government is currently consulting on draft regulations relating to TPR information-gathering powers (see *Have your say*).

Schemes have been urged to get dashboard-ready: read this **guide** on data elements, and a **list of recommended actions**. Onboarding is expected for 2022 (voluntary) and 2023 (mandatory).

**ACTION:** Work with administrators to identify issues and develop a project plan to prepare for the launch of pensions dashboards.

## Draft single code of practice **NEW**

TPR is consulting on its draft single code of practice; this combines some existing content with new requirements, including TPR's expectations for the new effective system of governance and own-risk assessment (see *Have your say*).

**ACTION:** Review the draft Code; consider responding to the consultation.

## Upcoming climate change-related duties

The government is planning to implement new climate change-related duties from 1 October 2021.

The government has consulted on regulations to implement its proposals, including: knowledge and understanding requirements in relation to climate-related risks and opportunities; governance, strategy and risk management activities; and monitoring and assessment duties. Once the new requirements are finalised, large pension schemes and master trusts will have only limited time to ensure compliance. **Read about the proposals**.

New guidance on assessing, managing and reporting climate-related risks in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) is also available: **read the guidance**.

**ACTION:** Schemes that are expected to be in-scope for the first phase of the rollout of the new duties (schemes with £5 billion or more in assets, excluding annuities, and master trusts) should start preparing now.

## Tax changes **NEW**

The standard lifetime allowance has been frozen at £1,073,100 for the tax year 2021/22: **read more**.

**ACTION:** Consider communications to members; update administration systems if required.

## Have your say

---

- TPR is consulting on a draft version of its new single code of practice. The consultation closes on 26 May 2021. **Read the consultation.**
- The government is consulting on draft regulations on the treatment of performance fees within the charge cap in DC auto-enrolment schemes, and is seeking input on its position on 'look-through'. The consultation closes on 16 April 2021. **Read the consultation.**
- The government is consulting on implementing its planned increase to normal minimum pension age from age 55 to 57 in April 2028. **Read the consultation** (the deadline for responses is 22 April 2021).
- The government is consulting on draft regulations relating to new TPR information-gathering powers. The consultation closes on 29 April 2021. **Read the consultation.**

## Watch this space

---

- We are waiting for the remainder of the government response to a consultation on changes to DC governance and reporting requirements – this is expected to be published in June, with changes expected from October: **read about the proposals.**
- Regulations to replace the current Competition and Markets Authority 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 plans to introduce new advice and guidance requirements for members: **read more.**
- The government plans to consult on mandatory requirements for annual benefit statements for DC auto-enrolment vehicles, and on mandating the timing for sending annual statements: **read about the plans.**
- The government plans to introduce a *de minimis* pot size below which flat fees cannot be charged in default funds, and will continue to monitor costs disclosure issues: **read about the plans.**
- 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 shortly: **read the consultation version.** 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).

**Contact us** for more information or to be added to our mailing list.

Allen & Overy means Allen & Overy LLP and/or its affiliated undertakings. Allen & Overy LLP is a limited liability partnership registered in England and Wales with registered number OC306763. Allen & Overy (Holdings) Limited is a limited company registered in England and Wales with registered number 07462870. Allen & Overy LLP and Allen & Overy (Holdings) Limited are authorised and regulated by the Solicitors Regulation Authority of England and Wales. The term partner is used to refer to a member of Allen & Overy LLP or a director of Allen & Overy (Holdings) Limited or, in either case, an employee or consultant with equivalent standing and qualifications or an individual with equivalent status in one of Allen & Overy LLP's affiliated undertakings. A list of the members of Allen & Overy LLP and of the non-members who are designated as partners, and a list of the directors of Allen & Overy (Holdings) Limited, is open to inspection at our registered office at One Bishops Square, London E1 6AD.

© Allen & Overy LLP 2021. This document is for general guidance only and does not constitute advice. | UKS1: 2004344304.3