Newsletter

PerioDiC

The elements that you need to know

This newsletter is a summary of the trustee, company, and other elements... that you need to be aware of to help you with running your defined contribution (DC) scheme or arrangement.

Whether you are a trustee running an occupational scheme or a company offering a master trust scheme or a contract-based scheme (such as a Group Personal Pension), it is important to keep up to date.

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Trustee elements

Governance research

Following research earlier this year on governance in occupational schemes, in September The Pensions Regulator (TPR) published its findings. TPR found that the majority of members are in relatively well-run schemes. However, this was a feature of larger schemes and it was concerned with the results for small and medium-sized schemes.

> TPR intends to be clearer on what it expect trustees to do, take greater enforcement action where trustees are not complying and encourage substandard schemes to consolidate where appropriate.

Of note within the research, TPR comments that it sees Chair's Statements of varying quality. As a result, in November TPR published a guide to the Chair's Statement, to be read alongside its DC Code.

The guide includes examples of good and poor practices, as well as a checklist.

Bulk DC transfers

In October, the Department for Work and Pensions (DWP) published a consultation on simplifying the process for bulk transfers of DC benefits without member consent. The proposals include removing the requirement for actuarial sign off where there are no potentially valuable guarantees or options, whilst still having regard to member protection. We welcome the proposed simplification, which we believe will ease the consolidation and discharge of DC benefits.

Data quality

In October, the Pensions and Lifetime Savings Association (PLSA) published three 'made simple' guides. These largely reference defined benefit (DB) provision but one of the guides, 'Good quality data for the private sector', has good application in relation to DC. This guide suggests a process for trustees to put in place a 'plan of assessment and action' to improve the quality of data. It also suggests how trustees can monitor and manage the ongoing quality of data.

Company elements

Auto-enrolment

From 1 October 2017, new businesses will not be given a future 'staging date' from when their auto-enrolment duties will start. Instead, they will have an immediate legal auto-enrolment duty to employees as soon as they employ them.

Businesses employing staff before 1 October 2017 were given a staging date, the last of which will be reached in February 2018.

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Other elements

The Autumn Budget

The Government published its Budget on 22 November. Despite recycled speculation on pension tax reform, the Budget was almost silent on pension provision.

The only aspect of note was confirmation that the Government will, as expected, increase the Lifetime Allowance for the 2018/2019 tax year in line with CPI. This results in an increase of £30,000 to the Lifetime Allowance, which is currently £1m. The modest £30,000 increase follows significant reductions in prior years.

Improving disclosure of costs, charges and investment

In September, the Financial Conduct Authority (FCA) published a policy statement providing rules and guidance to improve the disclosure of transaction costs in workplace DC pension schemes.

> The rules come into force on 3 January 2018 and affect pension providers and asset managers, as well as governance bodies such as trustees and Independent Governance Committees.

Following this and relating to the onward flow of information from trustees to scheme members, the DWP published a consultation in October to improve the disclosure of costs, charges and investment within occupational schemes.

Regulations place similar obligations on the FCA This is to ensure the flow of costs and charges information from Independent Governance Committees to members of contract-based schemes and the FCA is expected to consult on corresponding rules to achieve this in 2018.

Monetary penalties

In August, TPR published its monetary penalties policy, setting out its approach to imposing penalties for breaches under pensions' legislation. The policy is relevant to trustees, employers and advisers.

Where there is a breach, TPR have a range of enforcement options, often including the power to impose monetary penalties. Any monies collected from penalties are paid to HM Treasury.

The policy gives details on the factors that TPR will take into account when deciding whether to impose a monetary penalty and the principles it will use when determining the amount of the penalty.

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BARNETT WADDINGHAM
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Supporting individuals with financial matters

In September, the FCA and TPR published a joint guide for employers and trustees on providing support to individuals with financial matters.

> The guide clarifies the information that employers and trustees may give, as well as that which they should not give.

It also signposts resources that may be helpful to employers and trustees in offering support to employees and pension scheme members.

Provider news

In October, Scottish Widows announced its agreement to acquire Zurich's highly regarded UK workplace pensions and savings business, with assets of £19 billion and circa 500,000 customers. The proposed acquisition will broaden Scottish Widows' offering with Master Trust and Group Self Invested Personal Pension (GSIPP) solutions.

Please contact your Barnett Waddingham consultant if you would like to discuss any of the above topics in more detail. Alternatively contact Mark Futcher, Partner and Head of DC via the following:

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