

Trustee agenda update: current legal issues

For April 2021 meetings

DB and DC schemes

Welcome to our monthly update on current legal issues for trustees of DB and hybrid 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. We also have a separate DC-only briefing.

Pension Schemes Act **UPDATED**

The **Pension Schemes Act** provides for: new powers and sanctions for the Pensions Regulator (TPR); changes to DB funding; new climate-related governance and risk management arrangements; provisions to limit transfer rights; and frameworks for collective DC schemes and pensions dashboards.

A number of changes are expected to come into force in October, including the criminal offences, and several consultations are in progress (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: Arrange training on upcoming changes and schedule relevant projects into your business plan.

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 a 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.

GMP equalisation

PASA has issued guidance on the tax implications of GMP equalisation: **read the guidance**.

ACTION: Review the guidance. Progress equalisation projects; seek advice as appropriate.

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.**
- TPR is consulting on a draft policy for investigating and prosecuting new criminal offences being introduced by the Pension Schemes Act 2021. The consultation closes on 22 April 2021. **Read our briefing.**
- The government is consulting on draft regulations relating to the new employer resources test for contribution notices, and new TPR information-gathering powers. The consultation closes on 29 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. The consultation closes on 22 April 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.**

Watch this space

- TPR now expects to consult on the draft new DB funding Code in the second half of 2021 – it has published an interim response to its first consultation: **read the response**.
- The government is expected to publish the remainder of its response to a consultation on DC governance and reporting requirements 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 is expected shortly: **read the consultation version**.

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

Need help managing DB pension risk? Visit [allenoverly.com/pensionrisk](https://www.allenoverly.com/pensionrisk).

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

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