

Trustee agenda update: current legal issues

For March 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 Bill has received Royal Assent and is now an Act: **read the Act**.

The Act includes: new powers and sanctions for the Pensions Regulator (TPR), including new criminal offences; changes to the DB funding regime; new governance and risk management arrangements relating to climate risks and opportunities; provisions to limit transfer rights; and frameworks for collective DC schemes and pensions dashboards. The Minister has said that Part 3 of the Act (which includes the new offences and financial penalties) will not be retrospective: **read the statement**.

We are expecting consultations on draft regulations and guidance (plus instruments setting out when the provisions of the Act come into force). The government is already consulting on regulations to implement the climate change elements: see below.

The Minister has urged schemes to get dashboard-ready. The Pensions Dashboards Programme has issued a **guide** with information on data elements for initial dashboards, and a **list of recommended actions**. Onboarding is currently expected from 2022 (voluntary) and 2023 (mandatory).

ACTION: Arrange training on upcoming changes. Work with administrators to identify data issues and develop a project plan to address these prior to the launch of pensions dashboards.

Upcoming climate change related duties **NEW**

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

The government is consulting 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.

Scheme return **UPDATED**

This year's DB/hybrid scheme return deadline is approaching: **read TPR's guidance**.

ACTION: Ensure the return is submitted by the deadline (31 March).

PPF levy determination 2021/22 **NEW**

The Pension Protection Fund (PPF) has published its final levy determination, and associated guidance and forms, for 2021/22: **read the levy rules**.

ACTION: Ensure that you meet the relevant deadlines.

GMP equalisation **UPDATED**

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.

Brexit: end of implementation period

Updated guidance is available on **data protection** and **cross-border pensions issues** following the end of the transitional period after the UK's withdrawal from the European Union. Read **our briefing on the new relationship**.

ACTION: Continue monitoring the situation and take professional advice/action, as appropriate.

Have your say

- 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).

Watch this space

- We are expecting TPR to consult on changes to its Codes of Practice. It also plans to update TKU materials.
- TPR now expects to consult on the draft new DB funding Code in the second half of 2021 – it has recently published an interim response to its first consultation: **read the response**.
- We are waiting for the government response to a consultation on changes to DC governance and reporting requirements: **read about the proposals**.
- 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 has said it will continue to monitor costs disclosure issues (and may legislate if there is insufficient voluntary uptake of industry templates): **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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