ALLEN & OVERY

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Pensions: what's new this week

Welcome to your weekly update from the Allen & Overy Pensions team, bringing you up to speed on all the latest legal and regulatory developments in the world of occupational pensions.

Brexit planning | TPR: new DC winding-up guidance | Investment Association targets executive pensions | New 'mid life MOT' webpage launched

Brexit planning

The UK is due to leave the European Union on 29 March 2019; given current levels of uncertainty about whether a deal will be reached, trustees should ensure that appropriate contingency plans are in place for a 'no deal' Brexit and liaise with the scheme sponsor as required.

As previously noted (see WNTW, 28 January 2019), the Pensions Regulator (TPR) does not expect the UK's withdrawal from the EU to have a significant effect on trustees' immediate ability to continue to administer their scheme effectively, but recommends 'no deal' planning and, for DB scheme trustees, discussions with sponsors about how Brexit may affect the employer covenant. In particular, there are potential issues around the payment of occupational pensions and around data protection (see WNTW, 17 December 2018) in the event of a 'no deal' exit.

The European Insurance and Occupational Pensions Authority is also urging national regulators to take steps to minimise any potential detriment to insurance policyholders and beneficiaries, including those residing in the EU with an insurance contract from a UK insurer.

TPR: new DC winding-up guidance

TPR has published new guidance on winding up a DC pension scheme. The guidance covers a four stage process, with a list of considerations and action points at each stage. These are:

- deciding whether the scheme should be wound-up (for example, reviewing the scheme rules and taking advice about the best option for scheme members);
- preparing for and entering a formal scheme wind-up (for example, triggering the wind-up, making a project plan and communicating with members);
- securing members' benefits, including considering the different options available and communicating with members; and
- completing the wind-up process, documenting completion and notifying members.

There is a statutory obligation to notify TPR that a scheme has been wound up, and also to report to TPR on progress if the winding-up is not completed within two years.

The publication of the guidance follows a consultation by the government on encouraging (small) DC schemes to consolidate, and growth in membership of DC master trusts.

Investment Association targets executive pensions

The Investment Association has announced that it will highlight companies that pay newly appointed directors pension contributions that are not in line with those of the majority of their employees. These companies will be flagged with the highest level of warning on the Investment Association's Institutional Voting Information Service (IVIS). IVIS is designed to assist shareholders with voting during AGM season; this level of warning is used to indicate the companies about which shareholders should have the most significant and serious concerns.

New 'mid life MOT' webpage launched

The government has launched a new 'mid life MOT' page as part of its existing 'Get to know your pension' website, which provides advice to individuals on planning for income in retirement via workplace and state pensions, and on gradual retirement. This may be a useful resource for members.

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