

DC charges and investment disclosure: new obligations for UK pension scheme trustees

Regulations will come into force on 6 April that impose new charges and investment disclosure requirements on trustees of occupational pension schemes providing DC benefits (“**DC schemes**”).

The regulations amend the requirements concerning the information on costs and charges that trustees of DC schemes must include in their scheme’s annual DC governance statement so that trustees will be required to:

- state the level, rather than the range, of member-borne charges and transaction costs applicable to each default arrangement and to each non-default fund which members can select and in which member assets are invested during the scheme year; and
- include an illustrative example of the cumulative effect over time of the application of member-borne charges and transaction costs on the value of a member’s accrued DC benefits.

This requirement will come into force for governance statements prepared in relation to scheme years ending on or after 6 April.

The regulations also introduce a requirement for trustees of DC schemes to make publicly available free of charge on a website those parts of the scheme’s most recent annual governance statement that deal with information relating to the default arrangement(s) and to member-borne charges and transaction costs. Schemes must also include the fact that members can access this information on the website and details of how they can do so, including the website address, in members’ annual benefit statements. These requirements will also come into force for scheme years ending on or after 6 April.

In addition, the regulations introduce a requirement for trustees of DC schemes to prepare, on request from a member or recognised trade union on behalf of a member, a document containing certain information in relation to pooled funds in which that member’s assets are invested. Requests can only be made by or on behalf of a member once in a six month period. The document must be provided within two months of the request. The information contained in it must be accurate as at the date of the request, or as at an earlier date within the preceding six months, provided that the investment options in which the member’s assets are invested on that date are the same as those in which the member’s assets were invested on the date of the request. Schemes must also include details of how members can obtain a copy of this document in members’ annual benefit statements. These requirements will come into force on 6 April 2019.

The government has issued statutory guidance that trustees must take into account when complying with the requirement to include information on the scheme’s default arrangement(s) and on member-borne charges and transaction costs in the governance statement. Trustees must also have regard to the guidance when preparing the pooled funds document.

If you have any questions or comments in relation to this Legal Update, please contact the authors or your usual Mayer Brown contact.

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