

The Pensions Brief

At a glance...

Issues affecting all schemes

▲ RECORD-KEEPING

Revised Pensions Regulator guidance on record-keeping

SHAREHOLDER RIGHTS DIRECTIVE II

Government factsheet on the impact of the Shareholder Rights Directive II on pension schemes

AUTOMATIC ENROLMENT

Pensions Ombudsman determination on an employer's duty to inform employees about the impact of automatic enrolment on lifetime allowance protections

▲ Action required

▲ Follow development and keep under review

Issues affecting DB schemes

▲ 2020/21 PPF LEVY

Pension Protection Fund consultation on its draft rules and guidance for the 2020/21 levy

GMP EQUALISATION

Industry working group guidance on GMP equalisation methods

DB INVESTMENT

Updated Pensions Regulator guidance on DB investment



Issues affecting all schemes

Record-keeping – revised guidance

The Pensions Regulator has published revised [guidance](#) on record-keeping. The guidance covers:

- What records schemes need to keep.
- Reviewing scheme data.
- Improving scheme data.
- Managing risks to data security.

Action

Trustees and administrators should review the guidance and assess whether any actions are required in light of it.

Automatic enrolment – lifetime allowance protection

The Pensions Ombudsman has [rejected](#) a complaint by an employee who complained that his employer should have advised him about the impact of failing to opt out of automatic enrolment on lifetime allowance protection. The member held fixed protection 2012 and failed to opt out, therefore losing the protection.

Mr T (PO - 23691)

Action

No action required.

Shareholder Rights Directive II – factsheet

The government has published a [factsheet](#) on the Shareholder Rights Directive II and how its implementation into UK law affects workplace pension schemes. Earlier this year, the government published regulations imposing additional investment and disclosure duties on trustees from October 2020 as part of its implementation of the Directive. For more information on the regulations, see our [legal update](#).

Action

Trustees may find the factsheet helpful in understanding their new duties.

Issues affecting DB schemes

2020/21 PPF levy – draft rules

The Pension Protection Fund (PPF) is consulting on its [draft 2020/21 levy rules and accompanying guidance](#). The PPF is not proposing to make any major changes to the levy rules for 2020/21, but has made some changes to its guidance on guarantor strength reports for Type A contingent assets (group company guarantees) to ensure that reports provide a holistic assessment and avoid a tick-box approach. The levy estimate for the 2020/21 levy year will be £620 million, up from £500 million in 2019/20. This increase has been driven by projected increases in scheme liabilities and underfunding. The consultation closes on 5 November 2019.

Action

Trustees and employers of DB schemes should keep the progress of the consultation under review.

GMP Equalisation – industry guidance

The industry-wide GMP Equalisation Working Group has published the first in its planned series of five guidance notes on guaranteed minimum pension (GMP) equalisation. This [first note](#) covers equalisation methods and looks at:

- Correcting past underpayments.
- Approaches for equalising future benefit payments.
- Common unanswered issues.

The remaining four notes, covering data issues, impacted transactions, tax issues, and reconciliation and rectification of GMPs, will be published in due course. Guidance from HMRC on the tax implications of GMP equalisation is also still outstanding.

Action

Trustees, employers and administrators of schemes holding GMPs may find the guidance helpful when deciding how to approach GMP equalisation.

DB investment – guidance

The Pensions Regulator has updated its [guidance](#) on DB investment to reflect:

- The new investment and disclosure duties that are being introduced for trustees of DB schemes from October 2019 and October 2020. (Currently the guidance does not cover the additional duties that were announced earlier this year and that will come into force from October 2020 – see our [legal update](#) for more details on these duties.)
- The new requirements on setting objectives for investment consultants and appointing fiduciary managers that are being introduced from December 2019.
- Introduction of the Cost Transparency Initiative.

Action

Trustees of DB schemes may find the guidance helpful when considering the new investment duties that are coming into force over the next 12 months.



Mayer Brown news

Upcoming events

All events take place at our offices at 201 Bishopsgate, London EC2M 3AF.

- **Trustee Foundation Course**
10 December 2019
- **Trustee Building Blocks Classes**
12 November 2019 – DB funding and investment

Employer Perspectives – news and views on employment and pensions issues

Visit the blog at employerperspectives.com and subscribe to blog updates via email.

Mayer Brown media comment

- [Jay Doraisamy](#) and [George Carr](#) wrote an article in Pensions Age on the Pensions Regulator’s plans to consolidate its codes of practice.
- [Richard Goldstein’s video](#) on DB superfunds was published on Actuarial Post.

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Please speak to your usual contact in the Pensions Group if you have any questions on any of the issues in this Brief.

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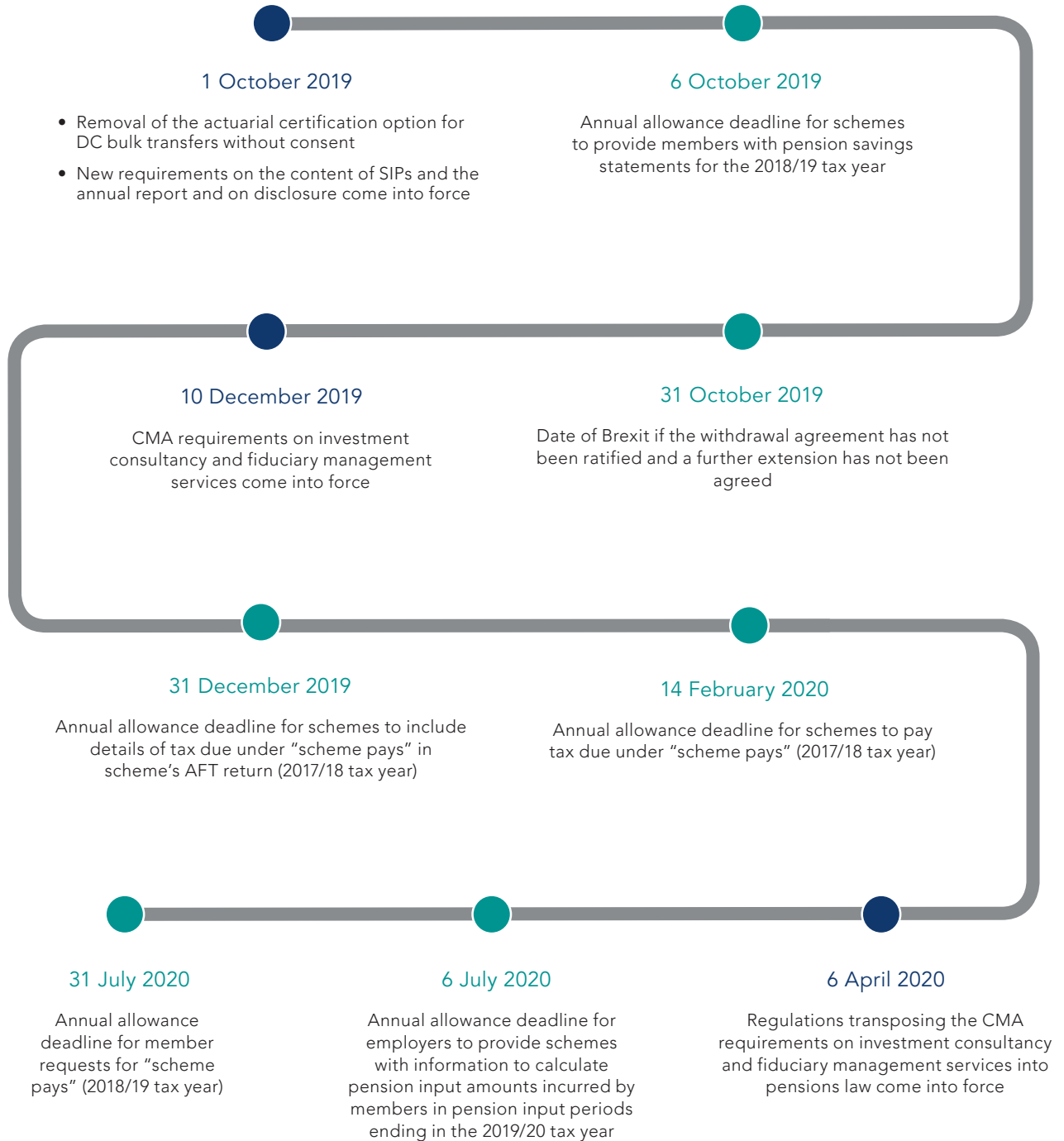
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Dates to note over the next 12 months



Key:

- Important dates to note
- For information

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