

The Pensions Brief

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Issues affecting all schemes

Climate change – Pensions Regulator guidance

The Pensions Regulator is consulting on:

- Draft guidance on the new climate change-related governance and reporting requirements that will come into force for larger schemes from 1 October.
- A draft appendix to its monetary penalties policy on the monetary penalties that can be issued for breach of the new governance and reporting requirements.

The consultation closes on 31 August.

Action

Trustees of schemes that will be subject to the new governance and reporting requirements should keep the progress of the consultation under review.

Normal minimum pension age – increase

The government has responded to its consultation on implementation of the increase in normal minimum pension age (NMPA). The response confirms that a protection regime will be put in place under which members of registered pension schemes who had an unqualified right as at 11 February 2021 to take benefits at an age below 57 will retain that right once NMPA increases to 57 from 6 April 2028.

HMRC is now consulting on draft legislation that implements the change in NMPA (including the associated protected pension age regime). The consultation closes on 14 September.

Action

Trustees and administrators should keep the progress of the consultation under review.

“Scheme pays” – reporting and payment deadlines

HMRC is consulting on draft legislation that extends the reporting and payment deadlines for member requests to use the scheme pays mechanism. The changes are designed to enable members whose pension input amount for a previous tax year is retrospectively amended to use the scheme pays facility to pay any resulting annual allowance charge that is over £2,000.

The changes will come into force on 6 April 2022, but will have retrospective effect to 6 April 2016.

The consultation closes on 14 September.

Action

Trustees and administrators should keep the progress of the consultation under review.

Collective money purchase schemes – statutory framework

The government is consulting on draft legislation setting out the detail of the authorisation and supervision framework for collective money purchase schemes. The framework is similar to the regime that applies to DC master trusts. Schemes will need to satisfy prescribed criteria for authorisation and comply with a range of ongoing obligations once authorised, including submitting annual supervisory returns and notifying the Pensions Regulator of prescribed “triggering” events. The consultation closes on 31 August.

Action

No action required.

eAdministration – industry guidance

The Pensions Administration Standards Association has published guidance on eAdministration. The guidance aims to support administrators, trustees, pension managers and sponsoring employers to benchmark their own eAdministration arrangements and set objectives and plan for investment in new technology opportunities.

Action

Trustees, administrators and employers may find the guidance helpful when considering what improvements they may want or need to make to their scheme's online capabilities and automated processes, particularly in light of the introduction of pensions dashboards.

Provision of information – failure to include key information

The Pensions Ombudsman has decided that a scheme's failure to include key information in a leaver's certificate, such as the fact that the member's pension increases, and therefore his projected benefits, were not guaranteed, amounted to provision of misinformation.

However, the Ombudsman concluded that the member had not irreversibly relied on that misinformation. He had therefore suffered a loss of expectation rather than a financial loss. The Ombudsman ordered the scheme to pay the member £1,000 for the serious distress and inconvenience caused.

Action

No action required, but schemes should ensure that member communications include all key information that is relevant to the decisions that members may make in reliance on those communications.

Issues affecting DB schemes

GMP conversion – industry guidance

The Pensions Administration Standards Association has published [guidance](#) on guaranteed minimum pension (GMP) conversion. The guidance provides examples of how GMP conversion is being used by early adopters and explains the issues they faced, how they addressed them, and how simplification can be achieved without, in many cases, a significant impact on members.

Action

Trustees and employers may find the guidance helpful when considering whether GMP conversion is an option for their scheme.

PPF compensation cap – lawfulness

The Court of Appeal has [held](#) that:

- The statutory cap on the compensation paid by the Pension Protection Fund (PPF) amounts to unlawful age discrimination and must be disapplied.
- In adjusting compensation following a 2018 court ruling that members must receive at least 50% of their scheme benefit entitlement, the PPF is entitled to use a one-off, rather than periodic, value test.
- The PPF's approach to the calculation of compensation payable to survivors is not wrong.

Action

No action required.

Issues affecting DC schemes

Pensions guidance – trustee obligations

The government is consulting on draft legislation requiring trustees to ensure that members who apply to access, or to transfer for the purposes of accessing, their DC or cash balance benefits have received or opted out of receiving appropriate pensions guidance from Pension Wise.

Trustees will be required to explain the nature and purpose of Pension Wise guidance and facilitate the booking of a Pension Wise appointment for the member as part of the application process. Schemes will need to ensure that they have received confirmation of attendance at a Pension Wise appointment, or an opt-out, before proceeding with the application. The requirements will apply in respect of all members and other beneficiaries aged 50+ other than those who meet certain criteria, such as those transferring to a DB scheme.

The consultation closes on 3 September and the legislation is expected to come into force on 6 April 2022.

Action

Trustees should keep the progress of the consultation under review.

Mayer Brown news

Upcoming events

All events will take place as online webinars. For more information or to book a place, please contact [Katherine Carter](#).

- **Trustee Foundation Course**
15 September 2021
- **Trustee Building Blocks Classes**
8 December 2021 – DC governance

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

- [Beth Brown](#) wrote an [article](#) for LexisNexis News Analysis on the government's consultation on draft regulations for collective money purchase schemes.
- [Katherine Carter](#) wrote an [article](#) for LexisNexis News Analysis on the government's response to the Works and Pensions Committee's report on pension scams.

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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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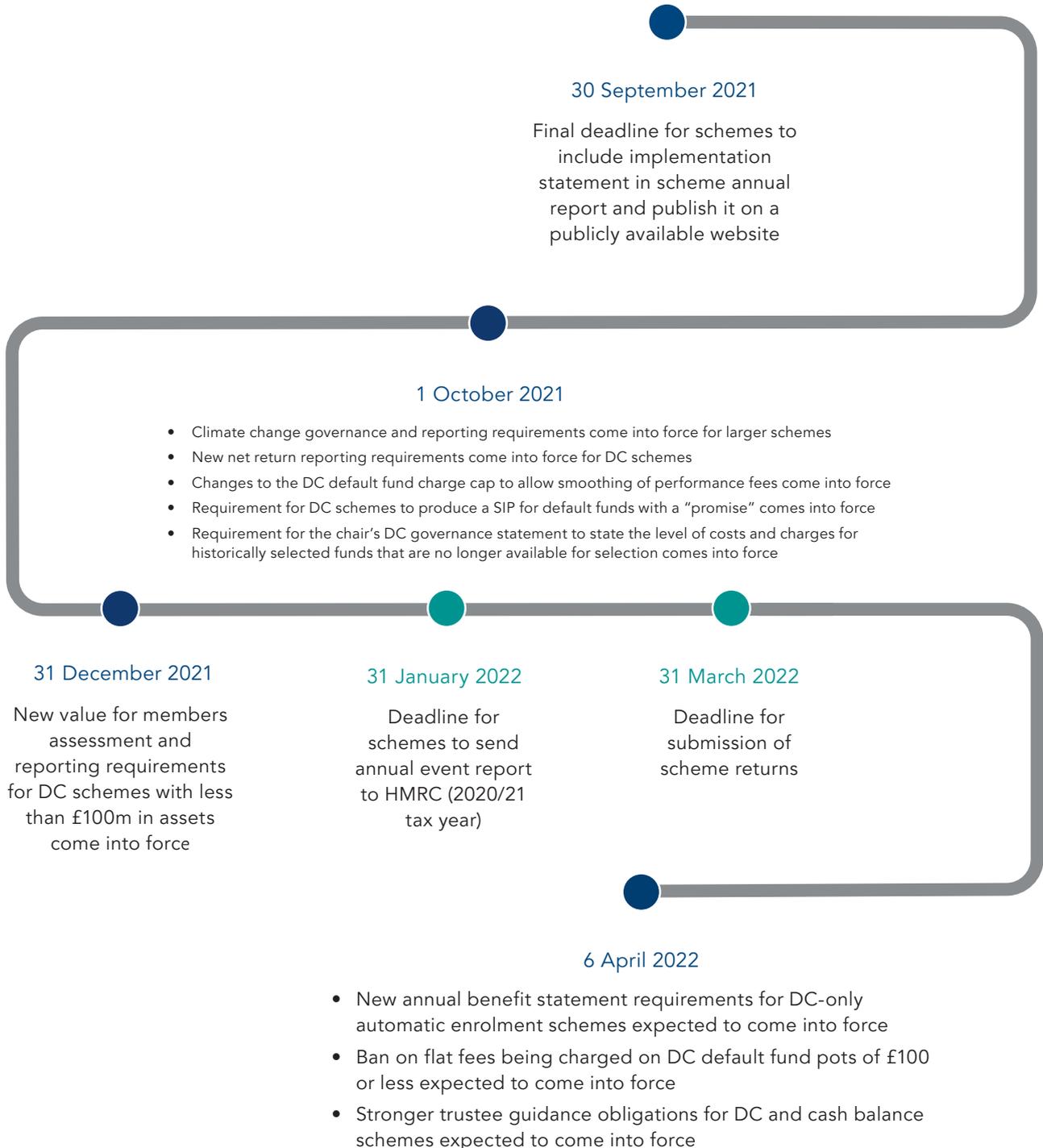
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Dates to note over the next 12 months



Key:

- Important dates to note
- For information

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