

The Pensions Brief

At a glance...

Issues affecting all schemes

▲ **AUTOMATIC ENROLMENT**

2022/23 earnings thresholds announced

▲ **"SCHEME PAYS"**

Consultation on new information and reporting deadlines

CLIMATE CHANGE

Illustrative example of compliance with the governance and reporting requirements

TRUSTEE DECISION-MAKING

High Court approval of a trustee decision on death benefit distribution

PENSION ERRORS

Ombudsman decision on the time taken to investigate a pension calculation error

▲ Action required

▲ Follow development and keep under review

Issues affecting DB schemes

▲ **GMP REVALUATION**

Change to the fixed rate of GMP revaluation



Issues affecting all schemes

Automatic enrolment – earnings thresholds

The government has published its [review](#) of the automatic enrolment earnings trigger and qualifying earnings band for the 2022/23 financial year. This confirms that the figures will remain at their 2021/22 levels as follows:

- Earnings trigger: £10,000
- Qualifying earnings band: £6,240 – £50,270

This means that the lower end of the qualifying earnings band will no longer be aligned with the lower earnings limit for National Insurance purposes. The upper end remains aligned with the upper earnings limit for National Insurance purposes.

Action

Employers should ensure that their payroll processes continue to reflect the correct figures.

“Scheme pays” – information and reporting deadlines

HMRC is [consulting](#) on draft regulations that extend certain information and reporting deadlines in relation to the “scheme pays” function. The new deadlines will apply following a retrospective change of facts that affects an individual’s pension input amount for a previous tax year. The consultation closes on 15 March.

Action

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

Climate change – governance and reporting requirements

The Pensions Regulator has published an [illustrative example](#) demonstrating the types of steps that schemes and their advisers could take in order to comply with the climate change-related governance and reporting requirements. The example covers the following areas:

- Governance
- Strategy and scenario analysis
- Risk management
- Metrics
- Targets
- Publishing a climate change/TCFD report (it does not include a template report)

Action

No action required, but trustees of schemes that are subject to the governance and reporting requirements may find the example helpful.



Trustee decision-making – Court approval

The High Court has approved a trustee decision to pay a death benefit to an individual who was also a trustee of the scheme. The other trustee of the scheme was an independent trustee. Following the decision, the deceased member's children objected on the grounds that the trustees had failed to take relevant considerations into account. The independent trustee had resigned since the decision was made and its replacement brought court proceedings to determine whether:

- The trustees' decision was one which a reasonable body of trustees could properly have arrived at – the Court concluded that it was as the independent trustee had applied the correct test to the evidence they were presented with, and that evidence was sufficient to justify a reasonable trustee reaching the view that the second trustee was a dependant of the member for the purposes of the scheme rules and therefore making the decision to pay the death benefit to her.
- The trustees' decision was vitiated by a conflict of interest – the Court decided that the independent trustee had identified the conflict to which the second trustee was subject and had taken steps to manage this by ensuring that she was not part of the decision-making process and by taking independent legal advice as to whether she satisfied the test of dependency to qualify as a recipient of the death benefit.

- The trustees acted properly in refusing to reconsider the decision in the light of new information – the Court concluded that the independent trustee, and its replacement, had taken account of only relevant matters and had reached a decision which was squarely within the range of decisions which a reasonable trustee could make on the basis of the evidence considered by them.

Action

No action required.

Incorrectly calculated benefits – investigation of errors

The Pensions Ombudsman has decided that, while a scheme was entitled to recover an overpayment, the scheme should pay the member £3,000 for the exceptional distress and inconvenience caused by its repeated failure to take appropriate action to adequately investigate the member's assertion that her pension had been incorrectly calculated.

However, the Ombudsman refused to make an award for the legal costs incurred by the member. He noted that while he was sympathetic to her decision to engage a solicitor, he does not normally award costs in this type of case and the member had been advised of the availability of the free service offered by the Pensions Advisory Service before she sought legal advice.

Action

No action required.

Issues affecting DB schemes

Guaranteed minimum pensions – revaluation

Regulations will come into force on 6 April that reduce the level of fixed rate revaluation for guaranteed minimum pensions (GMPs) from 3.5% to 3.25% for members leaving pensionable service after 5 April 2022.

The government has also responded to its consultation on the reduction.

Action

Trustees and administrators of schemes that apply fixed rate GMP revaluation should ensure that the reduced rate is applied for members with GMPs who leave service after 5 April 2022.

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**
 - 9 March 2022
 - 8 June 2022
 - 7 September 2022
 - 7 December 2022
- **Trustee Building Blocks Classes**
 - 11 May 2022 – member communications
 - 9 November 2022 – trustee discretions and decision-making

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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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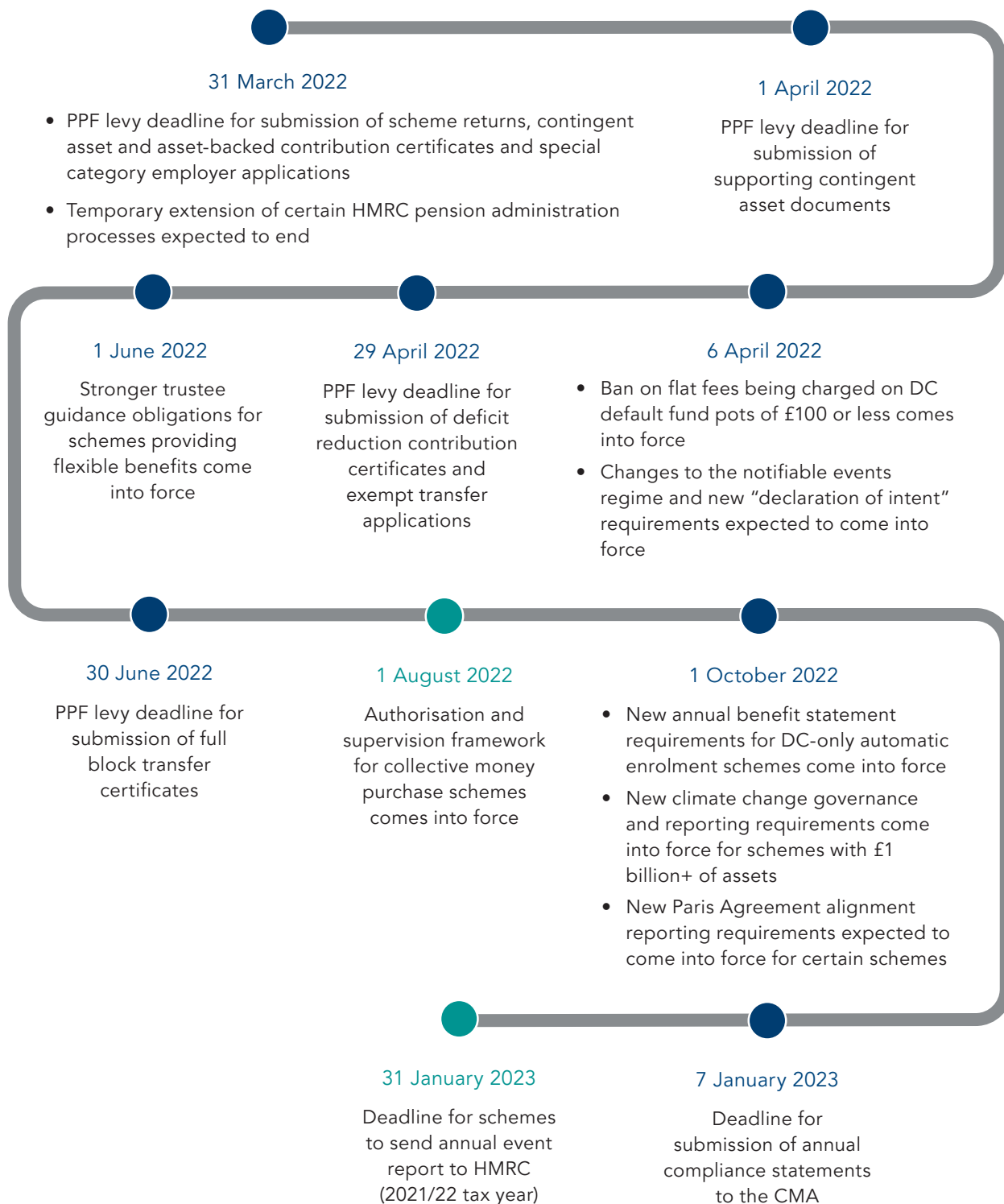
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Dates to note over the next 12 months



Key:



Important dates to note



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