

We turn back the clock in our Summer Hot Topics in Pensions and take our readers on a journey through the decades, pausing to take in some historical facts along the way. Environmental and social issues feature highly on corporate and political agendas in 2019, but did you know that these were also hot topics in 1909, when “smoke activists” from industrial cities united to campaign for pure air?



2009

### 1. Digging Into GMPs

In **2009**, the UK's largest discovery of Anglo-Saxon treasure was uncovered in a farmer's field. Years of meticulous conservation was carried out on more than 3,500 items in the “Staffordshire Hoard”. With similar meticulous attention, the pensions industry is sifting through the Department for Work and Pensions' [guidance](#) on use of the guaranteed minimum pensions (GMPs) conversion legislation as a method of equalising for the effect of GMPs. The guidance sets out 10 steps, highlighting where trustees will require advice. Further guidance is awaited from HM Revenue & Customs (HMRC), the courts and an industry working group, but trustees considering conversion can now take preparatory steps.



1999

### 2. Euro-Vision

The euro currency was established in **1999**. Whether investments are made in euros or a different currency, reporting on their costs is not yet mandatory for defined benefit (DB) trustees. However, it is good governance to seek costs disclosure from investment managers and to monitor this as part of the internal controls process. The launch of standardised reporting templates by the Costs Transparency Initiative is a welcome development. Separately, from 6 April 2019, trustees of many schemes with money purchase benefits must disclose costs information to members and recognised trade unions about pooled funds where this information is requested.



1989

### 3. ESG – A Red-hot Topic

By **1989**, George Bush, as US President, had established the US Global Change Research Program. Thirty years on, environmental, social and governance (ESG) considerations continue to grow, featuring on trustees' agendas and being a factor when reviewing or engaging investment managers. Further guidance is expected from The Pensions Regulator (TPR). From 1 October 2019, trustees must have a policy in relation to financially material considerations, including ESG, and state this in their statement of investment principles (SIP). Additionally, defined contribution trustees must publish their SIP on a publicly available website and, from 1 October 2020, must prepare and publish an implementation report.



1979

### 4. Striking Developments

Mass strike action welcomed-in **1979**, and the winter of discontent began. The government is now striking the right note by confirming that it will legislate to compel pension schemes to provide member data to dashboards. A staged timeline will require the largest schemes (in terms of membership) to comply first, and it is expected that most schemes will be affected in three to four years' time. The Money and Pensions Service will create and run the first pensions dashboard. To minimise disruption, trustees should make sure that they are in a position to meet the new requirements as details emerge.



1969

### 5. “Imagine” What Could Go Wrong on Employer Insolvency

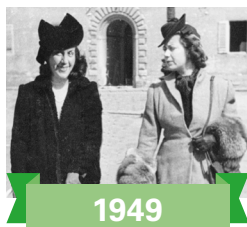
In **1969**, John Lennon said “Love Me Do” when he married Yoko Ono. The Pension Protection Fund is asking trustees to “Imagine” what could go wrong on employer insolvency, by taking a “Magical Mystery Tour” through its contingency planning [guidance](#). As a basic requirement, the guidance says that trustees should maintain a complete set of their governing documents. Other useful tips include having a contingency plan where member records are held in-house and payroll is undertaken by the employer in-house; reviewing steps to realise contingent assets; having a media strategy; and considering potential conflicts of interest on employer insolvency.



1959

## 6. Improving Transparency on the Reporting Racetrack

In **1959**, the Mini was launched. The original iconic car has since been replaced by a bigger and better model, much like the forthcoming replacement of the Financial Reporting Council by the Audit, Reporting and Governance Authority. The government is motoring on with reforms just as the Competition and Markets Authority (CMA) has made its final audit recommendations. The four biggest audit firms could see their audit practices separated from their consultancy practices. Additionally, directors' strategy reports of large companies must now include a statement setting out how the directors have had regard to stakeholders, including pension schemes, when performing their section 172 duties.



1949

## 7. Dressing-up Fiduciary Management

Clothes rationing stopped in the UK in March **1949**, signalling an end to the "make do and mend" culture. Trustees with assets under fiduciary management should note that the CMA Order will require more than just a patch-up of existing practice. Trustees who are entering into fiduciary management agreements for the first time, or who plan to increase the level of assets under fiduciary management, should seek legal advice. In many cases, trustees will need to weave competitive tenders for fiduciary managers into their business plans.



1939

## 8. No (Donald) Ducking out of Scheme Funding

In **1939**, BBC Television suspended broadcasting due to the start of World War II. A Mickey Mouse cartoon was the last programme to be aired for nearly seven years. A (arguably) less entertaining [broadcast](#) from TPR confirmed that two consultations will be published on the funding of DB schemes. The first, expected this summer, will focus on a clearer funding framework. The second, in 2020, will focus on a revised code of practice. The issues to be tackled include long-term objectives, suitable recovery plans and appropriate investment strategies.



1929

## 9. Stamping out Money Laundering

**1929** saw the birth of Imelda Marcos, who famously amassed more than 1,000 pairs of shoes and held various Swiss bank accounts under the pseudonym "Jane Ryan". The EU's Fifth Money Laundering Directive (5MLD) further tackles lack of transparency. Certain pension trustees may have a new requirement to register on HMRC's Trust Registration Service (TRS). 5MLD also broadens public access to information held on the TRS (which will be linked to a central European platform). The government, however, is treading more carefully and proposes taking a restrictive approach to access in order to protect personal data held on the TRS.



1919

## 10. A Sobering Round-Up

In **1919**, the Eighteenth Amendment was ratified in the US, banning the sale of alcohol. However, we are able to "speakeasy" about other pensions developments, which include a delay to the Queen's Speech that may impact the pensions bill; a report from the Continuous Mortality Investigation showing a further slowdown in the improvement of mortality rates; guidance on accounting for the equalisation of GMPs in company accounts; and the planned professional trustee accreditation from 1 July 2019. All of this may leave our readers reaching for a glass of wine!

### Finally...

We conclude by commemorating 1 January **1909** – the date on which the "Old Age Pension" was first paid to the over 70s. Only those who passed a "good character" test could receive the means-tested 5 shillings per week. Although State Pension Age is homing in on age 70 once again, thankfully there are no current proposals to reintroduce a character test!

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