

Did you know that there is such a thing as ice cricket? It is thought to have been played in England in the first part of the 19th century. Other winter sports such as ski jumping, downhill racing and skeleton racing are more familiar despite forming part of the Nordic games, which fizzled out as long ago as the 1920s. Meanwhile, the UK Parliament was sporting other considerations in 1924, such as whether to remove means testing for old age pensions. At the time, the chancellor expressed concern at the significant immediate cost that this would generate of an additional £18,000 per year (approximately £1.1 million today). Ninety-seven years later, things have not moved on that much, with the current Parliament debating and legislating for temporary changes to the state pension triple lock amid cost concerns. In our winter sports-themed Hot Topics 2021, we take a look at some of the other current developments that will either help thaw some intractable problems or bring a chill wind over the sector.



New Transfer Rules Demand Teamwork

On 30 November, regulations came into force introducing new procedures for statutory transfers designed to prevent pension scams and providing trustees with extra powers to refuse transfer requests. Parallels can be drawn with a cross-country skiing relay: a team effort will be required. Trustees will have to work closely with scheme administrators to swiftly navigate through the extra checks and judgement calls that are now necessary to process a transfer to an arrangement that is not a public sector scheme, an authorised master trust or an authorised collective money purchase scheme. Our [recent publication](#) will help trustees plot a route.



Guaranteed Minimum Pension Equalisation (GMPE) Exercises Are Bobbing Along

Equality underpins a new Olympic bobsleigh event, the women's monobob, as the athletes use a bobsled that is identical to those of their competitors. Progress with GMPE across the pensions industry may not be as thrilling to watch, but results from our recent survey found that GMPE activity is gaining pace (see our [blog](#) for more information). The PASA-led GMPE working group has continued to try to speed things up by issuing new guidance, most recently on [allowing for anti-franking when achieving GMP equality](#) and on [communicating with members during the implementation stages of GMPE exercises](#).



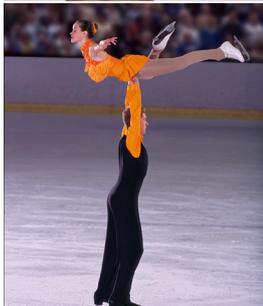
TPR Is Speed Skating Into a Single Consolidated Code of Practice

Most trustee boards have started to plan the work that will be involved with implementing The Pensions Regulator's (TPR) new single code of practice, when it comes into force, now expected to be in summer 2022. We are finding that many trustees are at the stage of undertaking a gap analysis, before sliding onto the key stage of deciding which gaps it is reasonable and proportionate to fill. For example, if your scheme is nearing the finishing line of buyout, can you lightly skate over some of the less critical aspects? We expect high demand for legal advice in this area. See our [roadmap](#) for planning short track, long track and marathon track preparation!



Notifiable Events – Do Not Let Matters Snowball Out of Control

Regulations changing the notifiable events regime are expected to be in force from April 2022. It is [proposed](#) that there will be two new notifiable events – the sale of a material proportion of the business of a sponsoring employer and the granting of security that ranks ahead of the pension scheme. Under the new regime, there will be no throwing snowballs after the event – TPR and the pension trustees must be notified of certain transactions when a “decision in principle” has been taken. Advice might be required on the timing and contents of such notifications.



While Many Participating in Winter Sports Are in Their Teens, the Normal Minimum Pension Age Is Not Getting any Younger

When Torvill and Dean retired from competitive skating in the 1990s, they could have drawn retirement benefits from age 50. Now, however, the normal minimum pension age is increasing to 57, effective from 6 April 2028. Those who immediately before 4 November 2021 had an actual or prospective right to take pension benefits below age 57 (where the rules of the pension scheme on 11 February 2021 included a provision conferring such a right on members) will have a protected pension age. Once the [Finance \(No. 2\) Bill 2021-22](#) receives Royal Assent, scheme booklets and other information should be updated.



TPR – Offenders Will Be Skating on Thin Ice

The new offences of “avoidance of an employer debt” and “conduct risking accrued scheme benefits”, which came into force on 1 October 2021, put the pensions industry into a spin. In response, TPR published its [criminal offences policy](#), which sets out the way in which it proposes investigating and choosing cases for prosecution. TPR is not dancing around its enforcement powers. It has published three additional draft policies for [consultation](#), including one that sets out how it will decide which sanction to use where more than one is available. The industry will need to get its own skates on to keep up with the latest developments.



ESG – It Is Snow Joke

If winter sports are to be able to continue, decisive action will be required on climate change. The government is [consulting](#) on amending the climate change legislation so that schemes in scope will be required to calculate and disclose a portfolio alignment metric setting out the extent to which their investments are aligned with the Paris Agreement goals. This would come into effect in October 2022. Meanwhile, the government has published its [roadmap](#) to sustainable investing and it is likely that the largest schemes will be caught by new sustainability disclosure requirements by 2025.



The PPF Scores Some Help From the DWP

While fighting might be an established tradition in North American ice hockey, there are unlikely to be many pucker faces in relation to the Pension Protection Fund (PPF) levy estimate of £415 million (significantly less than last year’s £520 million). The main change proposed by the PPF in its recent levy rules [consultation](#) is to consolidate the rules relating to schemes without a sponsoring employer and commercial consolidator vehicles, such as the first defined benefit (DB) superfund that has made it onto TPR’s list of assessed superfunds. Meanwhile, the Department for Work and Pensions (DWP) is [targeting](#) a rise in the fraud compensation fund (FCF) levy ceiling, following an increase in claims against the FCF by pension schemes previously used as pension liberation vehicles.



Smoothing the Way for Simpler Annual Benefit Statements

The surface of the ice used for curling competitions is sprinkled with water droplets, as the resulting “pebbled ice” apparently leads to more consistent curling. The government is also aiming for consistency by requiring defined contribution schemes used for automatic enrolment to issue standard annual benefit statements, covering just two sides of A4, from October 2022. [Guidance and an illustrative template](#) have been published for trustees and scheme managers to refer to. These reforms may apply more widely in future: the recent response to consultation states, “In the longer term, it remains our ambition to improve consistency across all categories of schemes through short, simple, statements.”



On the Wintry Horizon

Originally dubbed the “snurfer”, the first snowboard was made in 1965 as a toy, from two skis fastened together, with a rope attached to provide some control. TPR and the DWP are both jumping into action and taking control on the pensions front. Watch out for TPR’s second consultation on its DB funding code. The DWP, meanwhile, is expected to consult on draft regulations for pensions dashboards in December, which will include the staging dates for pension schemes. Additionally, the DWP has helped to draft a private members’ bill that, if passed, would clarify the GMP conversion legislation. It is also expected to publish its regulations integrating the Competition and Markets Authority (CMA) Order relating to the investment consultancy and fiduciary management market into pensions legislation during 2022. Until then, do not forget to submit your compliance statement and certificate direct to the CMA before 7 January 2022 or you really will be skating on thin ice!

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