

In this edition of Hot Topics in Pensions, we commemorate the Queen’s Platinum Jubilee while highlighting current pensions issues for your trustee and corporate agendas. On this page, we look at the Jubilee celebrations in 2022 and overleaf we go back in time 70 years (but the pensions issues covered are still current).



Pensions Dashboards – Not Just a Flyby

The Jubilee flypast was planned to perfection. The Pensions Dashboards Programme also appears to be proceeding with military precision, with recent [confirmation](#) that dashboards plans are on schedule. The pensions industry needs to be ready for connection on their schemes’ scheduled onboarding dates. Key areas of focus should be around data accuracy, automation of calculations and ensuring that the technology is in place for dashboards connection. Check your staging date and implement a project plan. Seek legal advice before agreeing new and updated contractual terms with service providers in relation to dashboard responsibilities. See The Pensions Regulator’s (TPR) recent [statement](#), our recent [video](#) and [compliance guide](#).



Prepare to Light the Single Code Beacon

The single code of practice is expected to flare into force this autumn (but will not necessarily be accompanied by the lighting of beacons across the Commonwealth). Adopting a “proportionate” approach and implementing a realistic timetable is the key to timely and cost-effective compliance. In some cases, it may be more efficient to adopt new scheme procedures (based loosely on adviser templates), rather than updating existing documents. We share our real-life experience of approaches to compliance by early-mover trustees in our 30-minute recorded [webinar](#).



ESG Marches On

The royal family watched from the balcony as the parading soldiers, horses and musicians marched down The Mall. Pensions climate change requirements are also marching quickly ahead. Climate-related governance, reporting and disclosure [requirements](#) will apply to schemes with relevant assets of £1 billion or more from 1 October, along with a requirement to report on the extent to which investment strategy aligns with the Paris Agreement goals. Smaller schemes are not exempt, with the new single code of practice placing greater governance expectations on all schemes. For other trustee actions, take a look at our ESG [route map](#).



Party Time for TPR?

TPR will be hanging out bunting, having completed and published two new financial penalties policies covering [avoidance of debt](#) and [failure to provide information](#). It has also finalised its overlapping powers policy and information gathering policy, both of which will be incorporated into a [new enforcement policy](#) that is currently in draft and out for consultation. In addition, TPR is consulting on an [updated prosecutions policy](#), which reflects additional powers arising out of the Pension Schemes Act 2021. No street parties yet for the notifiable events regulations, which are still awaited, and which will impose greater disclosure obligations on corporates during certain types of transactions.



Setting a Responsible Investment Strategy – a Topic for Afternoon Tea?

You may have observed the Queen having tea with Paddington Bear recently! Trustees may like to sit and eat marmalade sandwiches, but many are instead grappling with the extent to which they should take into account non-financial factors when setting a responsible investment strategy. This issue has been brought into sharp focus recently with questions raised around the lack of Sharia-compliant funds being offered by employers. Our [blog](#) considers this in more detail. A simple step for trustees of smaller schemes is to set a responsible investment strategy. Do not let this feel like Deepest Darkest Peru – our [guide](#) provides some useful tips.

We step back in time on this page to see what life was like at the time of the Queen's accession to the throne and coronation. The coronation was the first to be televised, with neighbours gathering together to watch the event on small black and white TV sets.



Please Can We Revert to 1952 Prices?

In its [Annual Funding Statement 2022](#), TPR outlines the economic uncertainties that trustees should consider as part of their funding and valuation discussions, including the conflict in Ukraine, the impact of the COVID-19 pandemic and high inflation. The current cost-of-living crisis may also generate questions about how defined benefit (DB) schemes protect against inflation for deferred members and pensioners. Questions around early retirement factors and discretionary pension increases are being raised. Talk to us if you need clarification on the legal position. On the subject of inflation, average house prices have increased by more than 137 times since 1952!



New Transfers Guidance Is Top of the Pops

The first UK music singles chart launched in 1952. It was compiled by telephoning 20 record shops every week and totalling their singles sales – almost as time consuming an exercise as processing transfer requests! However, help is at hand to speed up transfers: the Pensions Administration Standards Association's recent [DB transfers guidance](#) suggests approaches for "faster, safer and more efficient transfers which comply with regulations"; including example wording for acknowledging transfer requests. On the topic of transfers guidance, in anticipation of the "Stronger Nudge" requirements applying from 1 June, TPR also updated its [defined contributions guidance](#) to include extra information about booking Pension Wise guidance sessions.



Competition and Markets Authority (CMA) Order – Food for Thought

The rationing of sweets and chocolates ended in coronation year. After several bags of barley sugar, the Department for Work and Pensions published its [consultation outcome](#) on draft regulations incorporating the CMA's order in respect of investment consultancy and fiduciary management markets into pensions legislation. The order required trustees to set objectives for investment consultants and to undertake a competitive tender exercise where 20% or more of relevant assets were/are to be subject to fiduciary management. Revised [draft regulations](#) are intended to come into force on 1 October 2022. The regulations will not apply to public sector schemes, including the Local Government Pension Scheme. Future annual compliance statements will be made to TPR, via the scheme return.



Guaranteed Minimum Pension Equalisation (GMPE) – the Plot Thickens

Agatha Christie's "The Mouse Trap" launched in 1952 and claims to be the world's longest running play. Hopefully, GMPE dramas experienced by the pensions industry will not have the same longevity. Two developments that should help speed up GMP conversion exercises are [HMRC guidance](#) on the tax consequences, and the Pension Schemes (Conversion of Guaranteed Minimum Pensions) Act 2022 (the Act) receiving Royal Assent. However, the script is still being written: regulations are required to bring the main provisions of the Act into force (see our recent [blog](#)) and HMRC concedes "further work" is needed concerning the tax implications of GMP conversion for deferred and non-retired members.



Conquering Everest – the Icing on the Cake

On the day of the Queen's coronation, the news was received that the ninth British expedition to Mount Everest had succeeded, fronted by New Zealand explorer, Sir Edmund Hillary. The press referred to it as an extra coronation gift. The pensions industry has its own mountains to climb, but efforts to introduce new collective defined contribution schemes have been successful with legislation set to come into force on 1 August 2022 and TPR's final code of practice laid before Parliament. Separately, we are waiting for TPR to ascend from base-camp this autumn with its second consultation on the draft funding code of practice.

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