

Many of our readers will be looking forward to a well-deserved summer holiday. Whether you are heading for one of our scenic UK holiday resorts or jetting off abroad, and whether you are relaxing, sightseeing, partying or enjoying family time, we hope that you have a wonderful break. Before you go, have a look at our 10 hot pensions topics to help you to plan ahead.



Derisking – Look Before You Leap!

If you are going on an adventure holiday, make sure your holiday insurance covers any risky activities. Derisking remains a red-hot topic for defined benefit (DB) pension schemes, especially where the funding position has improved recently. Trustees of schemes targeting buyout should consider whether there are any illiquid asset investments within their portfolio and understand their options when disposing of those assets – timing is key. Trustees should understand the exit terms of pooled fund investments, which may include charges, lock-ins and anti-dilution levies. We can help with contractual issues and advise on unexpected hazards.



Trustees Encouraged to Check Out New Moves

Would you prefer to go clubbing in Ibiza or waltzing in Vienna? The Pensions Regulator (TPR) wants pension scheme governing bodies (which includes trustee boards) to be able to dance to many tunes. Its latest guidance for [sponsoring employers](#) and [governing bodies](#) on equality, diversity and inclusion (EDI) taps out a range of issues, including the pivotal role played by the chairperson, succession planning, and ideas for widening the selection pool for new recruits to the governing body. Governing bodies should agree upon an EDI strategy, formulate a policy and consider progress against their objectives at meetings (before perfecting the tango).



Beware of Pickpockets and Scammers

Going on a city break? Take care to protect yourself against pickpockets. Thieves are still plaguing the pensions industry as scam activity continues to evolve. The Pension Scams Industry Group has released an [Interim Practitioner Guide](#) while we await Department for Work and Pensions (DWP) confirmation of whether the problematic [2021 transfer conditions regulations](#) will be amended. These regulations set out when a red or amber flag should be raised in connection with a transfer request if circumstances indicate a risk of pension scam activity. The guide describes the various issues encountered by trustees when applying the regulations and suggests strategies to mitigate some of the associated risks.



TPR Takes Its Vows

Destination weddings are a popular holiday choice, with 3,500 couples still eloping to Gretna Green each year. [TPR will marry up](#) pension schemes with their statements of investment principles and implementation statements via online checks during summer 2023. Trustees of occupational pension schemes with 100 or more members should engage with the process by checking that their documents are freely accessible and are not veiled in (digital) secrecy. For a hybrid scheme, check for the correct attire: there should be a full implementation statement covering the whole of the scheme, not just the defined contribution (DC) section.



Sunshine Not Obscured by McCloud

An exotic beach holiday might be a perfect getaway for those struggling with local government pension scheme (LGPS) developments. Regulations to implement the McCloud age discrimination remedy are still awaited, with a further consultation promised before the intended deadline of 1 October 2023. Consultation is expected on further changes to the existing requirements to pool LGPS assets: setting a deadline of March 2025 for transferring listed assets into pooling vehicles, potential consolidation into a smaller number of larger (£50 billion-plus) pools and requiring funds to consider investing in illiquid assets, such as venture and growth capital. There is a lot to digest. Time for a cocktail?



Cash Buffers for Families and Trustees

Expenses can mount up on family holidays. We recommend keeping a cash reserve for extra ice creams and treats. TPR's latest [guidance](#) on leveraged liability-driven investment (LDI) contains specific recommendations for trustees regarding the setting of a buffer, which can be drawn on if additional collateral is called for. The guidance sets out practical risk management steps. Trustees should liaise with their investment consultants, LDI managers and other relevant service providers (including lawyers) to check whether TPR's recommendations are observed (and documented) and consider whether they have adequate controls and governance in place.



Brexit Freedoms Bill – Anyone for Camping?

The bonfire of EU laws proposed by [draft legislation](#) turned up the heat for those requiring certainty around the law (see [this blog](#) for more). The bill would have sunsetted the majority of retained EU law from the end of 2023. The government had set out its tent, but has now [rearranged the canvas](#). It has [tabled amendments](#) to the bill that would specify exactly which EU laws will become toast on 31 December (rather than all 4,915 identified EU laws plus those that have not yet been identified). The bill still pegs out the end of supremacy of EU law on 31 December 2023.



Green Finance Strategy Makes Several Ports of Call

Did you know that the largest cruise ship in the world cost just over £1 billion to build? That is a mere one-fiftieth of the amount that the UK government [aims to harness](#) each year through private finance, including pension funds, in order to meet the UK's net zero ambitions. The DWP has plans to examine the extent to which trustees are on board with its stewardship guidance in late 2023. With what feels like a favourite itinerary, a working group will revisit the issues around fiduciary duties and the extent to which trustees are able to take account of non-financial factors when making investment decisions.



Tax Allowances Get on Their Bikes

Fancy a cycling holiday? Pension scheme trustees and administrators have been pedalling fast to keep up with announcements made in the budget about changes to the annual and lifetime allowances. A proposed route is mapped out in the [Finance \(No. 2\) Bill](#), currently making its way through Parliament. HMRC has also provided signposts in newsletters and guidance, although it has confirmed a U-turn in respect of the processes to be followed if certain lump sums are payable following the death of a member (see [pension schemes newsletter 149](#)).



Developments Preparing for Takeoff

At the airport! TPR's general code of practice is expected to land any day now, while its DB funding code of practice and related regulations have been delayed until April 2024. Other developments are still stuck at check-in: a [recent update](#) indicates that proposed changes to the notifiable events regime are under review, and there is no sign of an implementation date for [legislation](#) amending the process for converting guaranteed minimum pensions. However, taxiing on the runway is the outcome of a consultation on a new value for money framework for DC pensions, which is expected in the summer. And watch out for an update on pensions dashboards before the summer parliamentary recess on 20 July 2023.

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