



## TPR launch 'pledge to combat pension scams' campaign

The Pensions Regulator (TPR), supported by the Pension Scams Industry Group (PSIG), has [launched a campaign](#) asking trustees, providers and administrators to [pledge to combat pension scams](#), with the aim of helping to protect scheme members from pension scams.

To initially make the pledge demonstrates a commitment to implement a number of measures to help protect scheme members and stop scammers.

Once the appropriate actions required to fully embed those measures into processes have been completed, schemes and organisations can then self-certify that they meet the pledge requirements.

## GMP equalisation judgment on historic transfers

In October 2018, the High Court ruled on the Lloyds Banking Group case involving the equalisation of benefits for the effect of Guaranteed Minimum Pensions (GMPs) (see [PATHways 93](#)). However that judgment did not confirm the requirements for impacted transfer payments that had already been made.

The High Court has now [ruled](#) on the subject of historic transfers, in relation to the Lloyds schemes in question.

For statutory transfers, subject to the cash equivalent transfer value (CETV) legislation, the judge concluded that the scheme trustees had a duty to transferring members to ensure the CETV was calculated correctly. Therefore, if the CETV was not based on equalised benefits, the trustees remain liable for any shortfall in the amount of the correct CETV payable. In addition, any top-up payment made should include interest at 1% over base rate from the date of the original transfer payment.

To a more limited extent, the judge also considered the position for individual transfer cases where the member did not have a statutory right to a transfer, as well considering the effect, or otherwise, of any potential discharge from further liability – be that as a result of the act of having made the original inadequate payment, statutory or scheme rule provisions or due to agreement by the member, such as by completion of a payment authority discharge form.

For transfer payments which were part of a 'mirror image' bulk transfer, where the members' rights in the receiving scheme are the same as those in the transferring scheme, the judge concluded there is no obligation to make any top-up payments where the transfer was made correctly in accordance with scheme rules and legislation. It is not clear however how the ruling applies to non-'mirror image' bulk transfers.

Subject to any appeal that may be made against the latest ruling, scheme trustees will have to consider whether, and to what extent, they will be affected by it, and GMP equalisation projects will now need to factor in how historic transfers should be dealt with.

## Consultation response on reform to RPI methodology

The Government's response to its own consultation on the reform to Retail Prices Index (RPI) methodology has been [published](#) alongside the Chancellor of the Exchequer's Spending Review speech to Parliament on 25 November 2020.

The UK Statistics Authority intends to bring the methods and data sources of the Consumer Prices Index including owner occupiers' housing costs (CPIH) into the RPI, so as to reform the RPI measure to address a number of shortcomings.

RPI will be reformed to align with CPIH no earlier than February 2030, after the Chancellor did not give consent for the changes to be made sooner.

On average, CPIH produces a lower inflation measure than RPI. The reform is therefore likely to impact defined benefit (DB) pension scheme members whose deferred revaluation and/or pension increases are linked to RPI as well as, for example, scheme funding.

Trustees may need to consider reviewing DB transfer value assumptions and factors used in DB retirement benefit calculations, the potential impact on DB scheme funding and scheme investment strategy.

## Pension schemes online: user guide - update

HM Revenue & Customs has updated its online service for scheme administrators and practitioners [user guide](#), adding a section to explain what to do if you are a scheme administrator or practitioner and find that your Government Gateway credentials fail because you have not logged in to the pension schemes online service for 3 years or more.

## Legislation update

### The Occupational Pensions (Revaluation) Order 2020

The [annual revaluation order](#) was laid before Parliament on 24 November 2020 and comes into force on 1 January 2021. It states the percentage increase(s) to be used when revaluing accrued pension benefits (in excess of GMP rights) from the date of leaving a final salary occupational pension scheme and applies for retirements during the 2021 calendar year.

### Social Security (Up-rating of Benefits) Act 2020

The [Social Security \(Up-rating of Benefits\) Act 2020](#) received Royal Assent on 23 November and is required to amend primary legislation to enable the Secretary of State for Work and Pensions, Thérèse Coffey, to produce an annual up-rating order to increase the State Pensions in accordance with the 'triple lock' commitment, given there has been no growth in the general level of earnings measure used over the review period.

A [ministerial statement](#) from Thérèse Coffey confirms that State Pensions will increase by 2.5% next year and the full rate of the new State Pension will be £179.60 a week from 12 April 2021.

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