



TPR pension scams pledge

As reported in [PATHways 118](#), The Pensions Regulator (TPR) has launched a campaign, asking trustees and administrators to make a pledge to help protect scheme members from pension scams. The [pledge](#) has six overarching commitments, which primarily relate to the principles of the Pension Scams Industry Group (PSIG) [Code of Good Practice](#).

Barnett Waddingham has made the pledge, demonstrating our ongoing commitment to assist trustees help prevent members from pension scams.

TPR publishes interim response to DB funding code consultation

TPR has published its [interim response](#) to its first [defined benefit \(DB\) funding code consultation](#). This consultation focussed on the scope of the planned revised code, taking into consideration the new developing legislation. In addition to covering the principles underpinning funding valuations and how these should be applied in practice, TPR proposed a twin track regulatory approach. The two approaches are respectively called Fast Track and Bespoke.

In broad terms, Fast Track would cover valuations which are compliant with the code guidelines and will require less scrutiny from TPR. Bespoke would cover schemes which take an alternative approach to funding which would require a greater degree of interaction with TPR.

Whilst the consultation found 'general support' for the principles and regulatory approach proposed, responses highlighted some concerns with the twin-track proposals. TPR will be reviewing the large volume of responses on the first consultation before publishing a second consultation, currently expected in the second half of 2021. This second consultation will include the draft DB code of practice and proposed regulatory approach.

DWP publishes response to costs and charges call for evidence

The Department for Work and Pensions (DWP) has published [its response](#) to its consultation on the default fund charge cap and standardised cost disclosure for defined contribution (DC) schemes which are used for automatic enrolment. The [consultation](#) period ran from June to August 2020. The key outcomes of the consultation are that:

- The cap on member-borne charges will remain at its current level of 0.75%.
- Transaction costs will not be brought within the cap.
- For schemes which charge a flat fee, a fund level of £100 will be set below which a member cannot be charged the fee. This level will be kept under review with a view to increasing it in future.
- The Government will continue to monitor take-up of the templates produced by the [Cost Transparency Initiative](#) before deciding whether to legislate to standardise the process for reporting costs and charges to trustees.
- The Government will be exploring how the ways in which charges are presented to members and prospective members can be standardised and expressed more clearly.

Legislation update

The draft [Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2021](#) provides for the upper threshold of the qualifying earnings band to be increased from £50,000 to £50,270 from 6 April 2021. The earnings trigger and lower threshold of the qualifying earnings band are to remain the same at £10,000 and £6,240 respectively.

The draft [Guaranteed Minimum Pensions Increase Order 2021](#) provides that the rate by which post-6 April 1988 GMPs must be increased from 6 April 2021 is 0.5%.

The draft [Social Security Benefits Up-rating Order 2021](#) sets out that, amongst other things, the full rate of the 'new' state pension will increase to £179.60 a week on 12 April 2021

PPF publishes 2021/22 levy rules

The Pension Protection Fund (PPF) has published its [final levy rules](#) for the 2021/22 year. The consultation for these rules was published in September 2020. The new rules include a small scheme adjustment to better reflect the risk posed by small schemes. This will result in schemes with under £20 million in liabilities seeing their levy cut in half, with schemes that have liabilities up to £50 million being subject to a tapered reduction to the levy. The cap on an individual scheme's levy has also been reduced from 0.5% to 0.25% of the liabilities.

The PPF has confirmed it will be setting the levy rules on a year-by-year basis up to 2023/24 to enable it to respond flexibly to the impacts of COVID-19 on schemes and their sponsors.

FCA, DWP and MaPS Memorandum of Understanding

The Financial Conduct Authority (FCA), DWP and Money and Pensions Service (MaPS) have signed a [Memorandum of Understanding](#). This establishes a framework for co-operation and co-ordination between the three bodies, setting out their respective roles and responsibilities. This is aimed to help the bodies achieve their statutory objectives and ensure that their communications are coordinated. The document also sets out the principles and procedure for sharing information between the FCA and MaPS.

The Memorandum will be updated annually and updated as a result of new issues and developments.

Gibraltar QROPS regulations published

The Treasury has made [The Pension Schemes \(Qualifying Recognised Overseas Pension Schemes\) \(Gibraltar\) \(Exclusion of Overseas Transfer Charge\) Regulations 2021](#). These Regulations are designed to overcome an issue with the current legislation on Qualifying Recognised Overseas Pension Schemes (QROPS) which has resulted from the United Kingdom (UK) leaving the European Union (EU). A member who transfers to a scheme based in a European Economic Area (EEA) state whilst also resident in an EEA state or the UK can normally claim an exemption from the overseas transfer charge.

As a result of these regulations, a transfer to a QROPS established in Gibraltar is treated in the same way as it was before the UK left the EU. The amendment is made from 18 February 2021 but has retrospective effect to 31 December 2020, the end of the transition period.

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