

PATHways

Pension Administration Technical Help

Highlighting pensions news and legislation that has particular relevance to what we do in pension administration



Permitted charges within DC pension schemes

The Department for Work and Pensions (DWP) has launched a [consultation](#) on permitted charges within defined contribution (DC) pension schemes used for automatic enrolment (AE). As the [accompanying press release](#) confirms, the consultation follows on from a previous consultation last year on the default fund charge cap and standardised cost disclosure (see [PATHways 120](#)).

As proposed in the previous consultation, a 'de minimis' threshold will be set at £100, below which the flat fee element of the combination charge used by pension providers cannot be charged to members. The latest consultation seeks to cover the policy around the implementation of the de minimis and the regulations required to bring about this change.

The consultation also sets out plans to improve people's understanding of charges and seeks views on the broader direction the government may look to take on the future structure of charges. The government proposes a move to a single, universal charging structure for the default funds of qualifying DC schemes used for AE purposes. The consultation period ends on 16 July 2021.

Simpler annual benefit statements

The DWP is also [consulting](#) on draft [proposed regulations](#) and accompanying [statutory guidance](#), including an illustrative template statement. The regulations will introduce new requirements for the length and format of annual workplace pension benefit statements sent to members (except those in receipt of benefits), of certain DC workplace pension schemes used for automatic enrolment. The latest consultation follows on from a previous DWP consultation on the same topic (see [PATHways 117](#)).

Defined benefit pension schemes, public sector pension schemes and hybrid pension schemes are not in scope of the proposed legislation.

The government intends to mandate an approach which will require certain pension schemes to issue their members with a statement of no more than one double-sided sheet of A4 paper highlighting in simple, easy to understand terms key information including:

- how much money the individual has in their pension and what has been saved in the statement year;
- how much money they could have when they retire; and
- what they could do to give themselves more money at retirement.

The consultation period ends on 29 June 2021 and it is proposed that the regulations will come into effect on 6 April 2022.

Pension transfers

DWP consults on new draft regulations covering conditions for pension transfers

[Proposed new transfer regulations](#) will introduce a new red and amber flag system. This would mean that pension trustees could block a transfer where a 'red flag' is identified (such as unsolicited contact) or pause a transfer where an 'amber flag' is identified whilst the member takes, and provides evidence they have taken, specific transfer scams guidance from the Money and Pensions Service.

Before considering whether the circumstances give rise to red or amber flags, there are plans for a series of sequential tests and checks. Trustees would first need to have considered the type of pension scheme to which the proposed transfer will be made (and whether the transfer will be to one of a number of types of receiving scheme which present a low scams risk). Under current plans, if the transfer is to an occupational pension scheme or overseas pension scheme the trustees will need to determine whether the member has evidenced an 'employment link' or 'residency link' with the receiving scheme.

The consultation period ends on 9 June 2021 and the current intention is to introduce the regulations in autumn 2021.

New PASA DC Transfers Working Group

The Pensions Administration Standards Association (PASA) has [established](#) a new DC Transfers Working Group, with an accompanying [blog post](#) on its remit and objectives.

The key objective of the Working Group is to drive improvement in this area and the group will look to identify the barriers to faster and lower risk DC transfer processing and aims to find ways to reduce those barriers as well as set out good standards for administrators to follow when processing DC transfers. The Working Group intends to publish guidance and information with its first draft guidance expected in early 2022.

Calls for input

Pensions Dashboards Programme call for input on staging

The Pensions Dashboards Programme (PDP) has [published](#) a call for input outlining PDP's current proposals for the order and timing of when data providers will connect to the pensions dashboard ecosystem.

The proposals recommend that staging should be comprised of three waves, further breaking down the largest schemes (wave one) into three distinct cohorts beginning with master trusts and Financial Conduct Authority (FCA) regulated providers of personal pensions, starting in April 2023. The call for input gives interested stakeholders the opportunity to influence the development of the regulations and rules around staging and will run until 9 July 2021.

TPR and FCA joint call for input on improving the 'pensions consumer journey'

The Pensions Regulator (TPR) and the FCA have launched a joint [call for input](#) to explore factors affecting saving for retirement. The regulators are seeking to gain insights to help find ways to improve the journey from joining the workforce to retirement, to help shape future targeted regulatory interventions on areas providing greatest benefit to pension savers. The call for input will run until 30 June 2021.

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