

## Pensions: what's new this week

Welcome to your weekly update from the Allen & Overy Pensions team, bringing you up to speed on all the latest legal and regulatory developments in the world of occupational pensions.

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### TPR warning about Chair's statement

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The Pensions Regulator (TPR) has issued a [statement](#) warning schemes to comply with the requirements for Chairs' statements, following two appeals by master trusts against the imposition of mandatory fines. The requirements for the Chair's statement for a master trust differ slightly from those for a traditional employer-sponsored occupational scheme, but there are common features. It's worth noting that in each of these cases the Regulator found fault with the way that the statement addressed the trustee knowledge and understanding (TKU) requirement.

The Chair's statement must describe how the legal requirement for TKU was met during the scheme year and how the trustees' combined TKU enables them (together with advice) to properly exercise their functions as trustees of the scheme. This means that assessing whether the requirement is met is in some ways subjective – this is reflected in the fact that for one of these master trusts TPR thought the scheme was in breach on this issue, but the Tribunal held that the scheme was compliant and reduced the fine payable. This suggests that TPR is looking closely at this particular requirement and that careful attention should be paid to how TKU activities and abilities are described.

Where a Chair's statement is required, it must be provided within seven months of the end of each scheme year. More detailed reporting requirements on costs and charges were introduced from April 2018 (see our recent publication, [Pension scheme investing – keeping members informed](#)).

### Bridging pensions/state pension deduction

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A new [order](#) amends the Equality Act (Age Exceptions for Pension Schemes) Order 2010 to reflect the increase in state pension age, and to update an outdated definition. The 2010 Order exempts specified rules, practices, actions and decisions from being a breach of the Equality Act non-discrimination rule in respect of age. Exemptions apply both where the rate of a member's pension is reduced and where a member is not entitled to (or ceases to be entitled to) an additional amount of pension. The exemption to be relied upon depends on how the scheme rules are drafted.

The main change to note relates to the first of these exemptions: the reduction in the rate of pension must now occur between the age of 60 and the member's state pension age (rather than age 65).

The order comes into force on 15 May 2019 – it does not have retrospective effect and the [consultation response](#) notes that schemes may need to rely on objective justification to achieve the intended aim of integration with state benefits for members who have reached a state pension age greater than 65 since 6 December 2018.

## TPAS factsheet: security of members' benefits

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A new [factsheet](#) published by The Pensions Advisory Service outlines the safeguards available to members in relation to both DB and DC benefits – principally, how PPF compensation works and what the Financial Services Compensation Scheme covers. The factsheet is a high-level summary, but may be a useful resource to which administrators can signpost members for general information (in addition to any scheme-specific information published in, for example, the Chair's statement).

Reflecting the structural changes around TPAS (see [WNTW](#), 15 April 2019), the factsheet notes that 'TPAS is provided by the Money & Pensions Service'.

## Reminders: Pensions Academy and next edition

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Please join us on Thursday 16 May 2019 for our Pensions Academy – a free update on issues for pension schemes and the people who run them. The session will run from 9am – 12.30pm, with breakfast and registration available from 8.30am. Topics covered will include:

- A general legal update
- GMPs – light at the end of the tunnel?
- TPR processes/changes and the impacts on schemes
- Master trusts, CDC, superfunds – the future UK pensions landscape
- ESG – what are the new requirements and how will they work in practice?

To reserve your place, please email [pensions.team@allenovery.com](mailto:pensions.team@allenovery.com).

Due to the bank holiday next Monday, our next edition of What's New This Week will be published on Tuesday 7 May 2019.

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