

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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Initial margin requirements: are you in scope?

Initial margin (IM) requirements for uncleared over-the-counter derivatives contracts are being phased in, not just for financial institutions but also for financial end-users such as pension schemes. IM is not the same as Variation Margin (VM) – it will affect fewer pension schemes than VM, but affected schemes will need to take significant steps to comply. For example, there are likely to be a number of differences to the way in which affected schemes collateralise OTC derivative contracts (if they currently do so at all).

The threshold at which the IM requirements apply will be lowered from September 2020, meaning that some schemes may be in scope from that date. It is important to identify now if your scheme will be affected, as there will be considerable preparatory work to do.

Our new short [guide](#) is designed to help you identify whether your scheme may be in scope and, if so, the best way to start preparations. If you would like to discuss this in more detail, please speak to your usual Allen & Overy contact.

Guide to preparing for the Chair's Statement

The trustee boards of many schemes providing DC benefits must prepare an annual governance within seven months of the end of the scheme year, known as the Chair's Statement. Failure to produce a compliant statement by the deadline attracts an automatic fine (although trustees may ask the Pensions Regulator to [review its decision](#) to impose a fine). To produce a statement which contains all of the required content, you will need to have evidence-gathering processes in place throughout the year.

We have recently updated our popular guide '[A quick guide to preparing for the Chair's Statement](#)' – this provides a short summary of the information to be included in the statement, together with suggested actions for gathering your evidence. We also have a companion guide '[Producing the Chair's Statement: what can go wrong](#)', which considers common issues when drafting the statement, and factors to consider if a fine is received. The Pensions Regulator takes a strict approach to compliance, and we recommend that trustees seek a legal review of the draft statement before this is finalised.

Pensions in Dispute website: your essential toolbox

We have recently relaunched our [Pensions in Dispute website](#), where you can find updated content to help you reduce the risk of disputes, as well as tips for handling any disputes that do arise. The content on the site includes:

- **Avoiding disputes:** our [top ten tips for avoiding disputes](#) and short 'how to' guides on a number of areas of common member complaints, as well as a [cyber risk checklist](#) containing practical actions for trustees.
- **Handling disputes:** our [top ten tips for handling disputes](#), as well as more detailed guides on [common member complaints](#) and [common scheme disputes](#).
- **Resolving disputes:** our guides to [internal dispute resolution](#), the [Pensions Ombudsman](#) (including [compensation awards](#) for distress and inconvenience) and [court claims](#).
- **Regulatory action:** our guides to [dealing with the Pensions Regulator](#), and other key regulators.

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