

Trustee agenda update: current legal issues

For May 2021 meetings

DC schemes

Welcome to our monthly update on current legal issues for trustees of DC pension schemes, designed to help you stay up to date with key developments between trustee meetings, and to support the legal update item on your next trustee agenda.

Updated scams code of practice **NEW**

The updated industry code of practice on combating pension scams includes an increased emphasis on telephoning members, documenting evidence, and wider reporting. The Pensions Regulator (TPR) has urged schemes to be on high alert and report suspected scams. **Read the Code.**

ACTION: Review scheme practices against the code and update as appropriate.

Providing support with financial matters **NEW**

TPR and the Financial Conduct Authority have published updated guidance on providing members with support on financial matters without requiring authorisation. Issues covered include adviser arrangements and the provision of modellers and illustrative examples. **Read the guidance.**

ACTION: Review current scheme practices and seek advice as appropriate.

Draft single code of practice

TPR is consulting on its draft single code of practice which combines some existing material with new requirements, including TPR's expectations on how schemes should meet the new effective system of governance and own risk assessment requirements.

ACTION: Review the draft Code; consider responding to the consultation.

Upcoming climate change-related duties

The government is planning to implement new climate change-related duties from 1 October 2021.

The government has consulted on regulations to implement its proposals, including: knowledge and understanding requirements in relation to climate-related risks and opportunities; governance, strategy and risk management activities; and monitoring and assessment duties. Once the new requirements are finalised, large pension schemes and master trusts will have only limited time to ensure compliance. **Read about the proposals.**

New guidance on assessing, managing and reporting climate-related risks in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) is also available: **read the guidance.**

TPR has recently published a climate change strategy that sets out its future priorities and actions in this area: **read the strategy.**

ACTION: Schemes that are in scope for the first phase of the rollout of the new duties (schemes with £5 billion or more in assets, and master trusts) should start preparing now.

Pension Schemes Act **UPDATED**

The Pension Schemes Act includes new governance and risk management arrangements relating to climate risks and opportunities, provisions to limit transfer rights, and frameworks for collective DC schemes and for pensions dashboards: **read the Act**.

Schemes have been urged to get dashboard-ready: read this **guide** on data elements, and a **list of recommended actions**. PASA has also published

guidance on preparing for dashboards (and its recent **data management plan guidance** may also be of interest). Onboarding for dashboards is expected for 2022 (voluntary) and 2023 (mandatory).

ACTION: Work with administrators to identify issues and develop a project plan to prepare for the launch of pensions dashboards.

Have your say

- The government is seeking input on trustees' policies and practices in relation to the role of social factors, and how they integrate considerations of financially material social factors into investment and stewardship activities. The deadline is 16 June 2021. **Read the call for evidence**.
- TPR is consulting on its new single code of practice (closing date 26 May 2021). **Read the consultation**.

Watch this space

- The remainder of the government response to a consultation on changes to DC governance and reporting requirements is due to be published in June, with changes expected from October: **read about the proposals**.
- Regulations to replace the current Competition and Markets Authority regime on strategic objectives for investment consultancy providers and competitive tenders for fiduciary management services are now expected in the first half of 2022.
- The government plans to introduce new advice and guidance requirements for members: **read more**.
- The government plans to consult on mandatory requirements for annual benefit statements for DC auto-enrolment vehicles, and on mandating the timing for sending annual statements: **read about the plans**.
- The government plans to introduce a *de minimis* pot size below which flat fees cannot be charged in default funds, and will continue to monitor costs disclosure issues: **read about the plans**.
- The government is considering solutions to the proliferation of small, deferred DC pension pots: **read more**.
- A new industry code of practice for transfers, including target timescales, is expected this year. Although aimed at DB transfers, PASA encourages the application of its best practice principles to DC transfers.

Need help with a pensions dispute? Visit [allenoverly.com/pensionsindispute](https://www.allenoverly.com/pensionsindispute).

Looking for resources on a range of DC-related issues? Visit [allenoverly.com/DCHQ](https://www.allenoverly.com/DCHQ).

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