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PATHways

PENSION ADMINISTRATION TECHNICAL HELP

HIGHLIGHTING PENSIONS NEWS AND LEGISLATION THAT HAS PARTICULAR RELEVANCE TO WHAT WE DO IN PENSION ADMINISTRATION

Disclosure of Information Regulations 2013

The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [SI 2013/2734] were made on 24 October 2013 and come into force on 6 April 2014 ("the 2013 Regulations"). There are currently two separate sets of disclosure regulations relating to personal pension schemes and occupational pension schemes. These are being revoked and replaced with the 2013 Regulations comprising the disclosure requirements for both occupational and personal pension schemes. Except as noted below, they do not replace or amend the Stakeholder Pension Schemes Regulations 2000.

The 2013 Regulations include the following changes, which were due to take effect from October 2013, but are delayed to April 2014:

- The basic scheme information required to be provided to new and prospective members will be simplified so that some of the more complex information currently given as of course will, in future, be available on request. There are still 18 pieces of 'basic scheme information' listed but the simplified requirements should make it clearer to scheme trustees if they have complied with the disclosure requirements.

- Trustees or managers of personal pension or occupational defined contribution schemes with lifestyling must give members information about the lifestyling strategy as part of the basic scheme information on joining, and again between five and 15 years of a members' retirement. The aim is that this new requirement to inform members about lifestyling will support the idea proposed in the DWP's Reinvigorating Workplace Pensions Strategy that information should be tailored to the life stage of the individual. A notification to inform or remind members nearing retirement about lifestyling should be useful to members. For example, if a member is made aware that lifestyling takes place at a certain age, they could advise the scheme of their intention to retire at a different date which would enable funds to be moved gradually into lower risk investments nearer to the member's intended retirement.

- They make changes to statutory money purchase illustrations (SMPIs) to allow more flexibility for schemes so that the SMPIs can be tailored and made more relevant to individual circumstances, for example lump sums may be included and they will no longer need to assume an increasing annuity and a spouse's pension (most members choose the opposite!) The changes will also apply to the Stakeholder Pension Schemes Regulations 2000.

- They clarify that information may be given by post, electronically, via an employer or by hand. Members will still be able to write to instruct they do not want to receive information electronically.

New definition of "money purchase" benefits

The consultation on the definition of money purchase benefits in occupational pension schemes closed on 13 December 2013 and the DWP is currently analysing feedback. The new statutory definition of "money purchase" benefits is due to come into force in April 2014 although it may now be later than this. When it does come into force some benefits that are currently treated as money purchase (defined contribution) benefits will be reclassified as final salary (defined benefit) benefits and will have to be treated as such in future. Past events such as wind-ups and section 75 debts may need to be revisited as a result of this change.

Chair of The Pensions Advisory Service to stand down in September

The DWP has announced that the Secretary of State will begin recruitment for a new Chair of The Pensions Advisory Service (TPAS) later this month. The announcement has been made as the current Chair, Partha Dasgupta, said that he will step down from the role in September.

HMRC

Pensions Industry Business Update Issue 6 has been published and announces a new telephone number for the contact centre and changes in the way which HMRC issues cheques (which we assume is from April 2014 and not April 2012 as stated in the Update!).

Triennial review of pensions bodies – call for evidence (for 2014 review)

Following this call for evidence, the Government has published its triennial review of the four pensions bodies. The review concludes that the Pensions Regulator, the Pensions Advisory Service, the Pensions Ombudsman and the Pension Protection Fund Ombudsman will all continue in their current form.

The Government is satisfied that the organisations are fit for purpose and are delivering what they were set up to do effectively – essential to maintaining consumer confidence in pensions.

PPF bulletin

The Pension Protection Fund (PPF) has published its latest PPF Bulletin which summarises PPF news over the last few months. This edition includes details of the 2014/15 Levy Determination, progress regarding the PPF's long-term funding aim and information about the new legal and audit panels.