

THE MONTH IN PENSIONS

Keeping you on the cutting edge of
developments in pensions

SEPTEMBER 2020



BACK TO SCHOOL, BACK TO REALITY

There is a crisp chill to the morning air. Around the corner, the roads are busy again with parents dropping off children to local schools. And, in my neighbourhood, I notice a peculiar but distinct sign that autumn is coming - flocks of parakeets are getting ready to migrate. All of this means that the summer holidays are well and truly finished and it is time for the pensions industry to get back to working at full tilt. And there is plenty for trustees and their advisers to grapple with in the final third of the year.

GMP equalisation should be high on the agenda for most trustee boards. We've brought together a wealth of materials to help anyone grappling with this thorny issue ([click here for visit \[tinyurl.com/GWLG200909A\]\(https://www.gowling-wlg.com/insight/GWLG200909A\) for our latest Insight with links to our updated background material and comprehensive guide](https://www.gowling-wlg.com/insight/GWLG200909A)). Many trustees and employers will be dealing with the fallout from the COVID-19 lockdown whilst trying to deal as effectively as possible with business as usual under trying circumstances. Ahead, we have The Pension Regulator's defined benefit funding code of practice and passage of the Pension Schemes Bill 2019 - 21 into law. It promises to be busy times in our new normal.

TRUSTEESHIP AND GOVERNANCE

TPR confirms end of COVID-19 easement on reporting payment failures

TPR has confirmed that, with effect from 1 January 2021, it will require pension scheme providers and trustees to revert to reporting payment failures that are 90 days outstanding, rather than 150 days as is currently permitted. TPR acknowledges that there might be an impact on providers' systems and processes. Because of this it is providing a three-month period for schemes to make adjustments. However, the 90-day period will become mandatory from 1 April 2021.

SCHEME INVESTMENT, FUNDING AND THE PPF

Government consults on ESG and climate change

The government has issued a consultation on environmental, social and governance investment, with a particular focus on climate change.

The consultation, titled 'Taking action on climate risk: improving governance and reporting by occupational pension schemes', proposes that pension schemes be required to assess and report on the financial risks relating to climate change. Under the proposals, the obligations will be phased in:

- occupational pension schemes with £5 billion or more in assets will be subject to the duties at the end of 2022; and
- occupational pension schemes with £1 billion or more in assets will be subject to the duties at the end of 2023.

Further extension of the requirements will be subject to further consultation. The consultation closes at 11:45pm on 7 October 2020.

- [Click here or visit \[tinyurl.com/GWLG200806\]\(https://www.gowling-wlg.com/insight/GWLG200806\) for the DWP's consultation home page.](#)

DWP consults on investment innovation and improving outcomes for DC members

The DWP has published its response to the February 2019 consultation "Investment Innovation and Future Consolidation", together with a new consultation on proposed measures to improve outcomes for members of DC pension schemes. Essentially, the new consultation sets out measures that are aimed at encouraging pension schemes to

invest in a more diverse range of long-term assets, (including illiquid products such as venture capital and green infrastructure) and also proposals to require the consolidation of smaller DC pension schemes (those with total assets of less than £100 million) into larger ones. The consultation closes on 30 October 2020.

- [Click here or visit \[tinyurl.com/GWLG200911\]\(https://www.gov.uk/government/consultations/consultation-on-the-consolidation-of-smaller-dc-pension-schemes\) for the DWP's consultation webpage.](https://www.gov.uk/government/consultations/consultation-on-the-consolidation-of-smaller-dc-pension-schemes)

PENSIONS POLICY

Pensions Minister confident that the Pension Schemes Bill 2019-21 will be in law this year

The Pensions Minister, Guy Opperman, has stated that he is confident the Pension Schemes Bill 2019-21 will "be in law by the end of the year". Mr Opperman was speaking at a webinar hosted by the Society of Pension Professionals, where he explained that COVID-19 and Brexit-related matters were of top priority for Parliament.

Government confirms plans to increase the minimum pension age

John Glen MP, the Economic Secretary to the Treasury, has confirmed the government's plans to increase the minimum pension age to 57 from 2028. Mr Glen gave a written response to a parliamentary question on plans to increase the minimum pension age.

In this, he confirmed the government's original plans (as set out in the government's response to its consultation 'Freedom and choice in pensions' (July 2014). This means that the minimum pension age will increase from 55 to 57 from 2028, alongside planned increases in the State Pension age to 67. From then on, the minimum pension age in the tax rules will remain ten years below State Pension age.

- [Click here or visit \[tinyurl.com/GWLG200903\]\(https://www.gov.uk/government/consultations/consultation-on-the-consolidation-of-smaller-dc-pension-schemes\) for the full text of the question and answer on minimum pension age.](https://www.gov.uk/government/consultations/consultation-on-the-consolidation-of-smaller-dc-pension-schemes)

PDP to publish initial data standards for dashboards by the end of 2020

Following the closure of its call for input on data standards, the Pensions Dashboards Programme (PDP) has announced its intention to publish an initial version of the data standards by the end of 2020. In an initial response to its call for input, Richard Smith (Head of Industry Liaison on the PDP), stated that: 'by the end of the year, we will be publishing the first version of data standards for subsequent user testing. This means that pension schemes and providers can begin to act in earnest.'

- [Click here or visit \[tinyurl.com/GWLG200902\]\(https://www.gov.uk/government/consultations/consultation-on-the-consolidation-of-smaller-dc-pension-schemes\) for the PDP's statement.](https://www.gov.uk/government/consultations/consultation-on-the-consolidation-of-smaller-dc-pension-schemes)

PENSION DISPUTES

High Court rectifies successive deeds in summary judgment

The High Court has ordered the serial rectification of successive deeds and rules relating to a defined benefit occupational pension scheme without a trial. The case was brought by the employer, with the trustees and a representative beneficiary as defendants.

The error related to the early retirement provisions for Transferred Members (defined term). Prior to the mistaken re-drafting of the rules, early retirement was available from 60 (five years before the normal retirement date) only if the member was in pensionable service and with employer consent and also subject to an actuarial reduction save for a short Barber window period running to 1/5/91. It was not available for deferred members. The mistake arose when deferred members (who were also Transferred Members) were also given the right to early retirement, as they were given the right to early retirement without an actuarially reduced pension from 60 (i.e. the unreduced period was not limited to the Barber window period) unlike equivalent transferred members still in pensionable service, thereby giving deferred members aged 60 plus a better pension.

The plan was administered at all times on the basis that the actuarial reduction applied to all members from early retirement and, unrectified, would have involved nearly five million pounds.

- [Click here or visit \[tinyurl.com/GWLGSPST\]\(https://www.gov.uk/government/consultations/consultation-on-the-consolidation-of-smaller-dc-pension-schemes\) for the full text of the judgment.](https://www.gov.uk/government/consultations/consultation-on-the-consolidation-of-smaller-dc-pension-schemes)

OCTOBER 2020 IN PENSIONS

- **1 October 2020 - Requirement to publish 'implementation statement' in annual report and accounts after this date** - DB schemes will also have to publish their SIPs online on a freely accessible website.
- **7 October 2020 - DWP consultation on climate change closes** - DWP is seeking views on proposals to require large occupational pension schemes to make and publish mandatory climate risk disclosures.
- **30 October 2020 - DWP's consultation on improving outcome for defined contribution members closes** - the consultation is focused on illiquid assets and the development of scale in DC pension schemes.