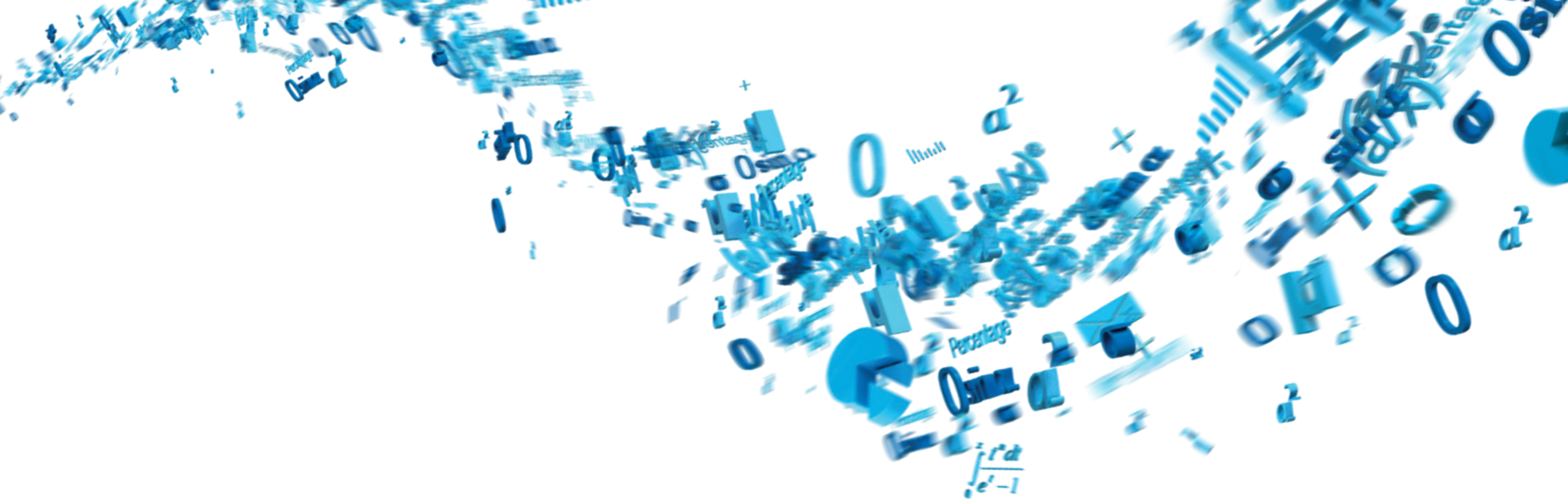


August 2021

In Sight

a quarterly pensions publication

This quarter's round-up

Regular features

CDC schemes now within reach

The Pension Schemes Act 2021 sets out the framework for collective money purchase schemes – more commonly referred to as CDC (or collective defined contribution) schemes. In July, draft regulations were published for consultation. These build on the provisions in the Act and fill in the details of the proposed requirements for single (or closely associated) employer CDC schemes. The consultation runs until 31 August 2021 and we expect the first CDC scheme to be in place by 2022.

Continued on next page

QAS Institute and Faculty of Actuaries ® Quality Assurance Scheme

Aon Empower Results®

CDC schemes will offer employers a new option for pension provision to their employees: the employer benefits from fixed-cost defined contributions, while the members can receive a targeted inflation-linked income payable for life, without having to make complex financial and investment decisions along the way. CDC schemes can also seek greater investment returns through investing in different types of assets; and they can hold these assets over a longer time horizon than savers would otherwise be able to do individually, which leads to better average outcomes for CDC members. Our paper The Dawn of a New (Pensions) Era provides further information.

The initial regulations focus on single employer schemes – such as the CDC scheme proposed by the Royal Mail. However, the Pensions Minister, Guy Opperman, has indicated that there will be extensive multi-employer engagement in autumn or winter of this year, with the prospect of the CDC regulations being extended to cover multi-employer schemes next year.

Actions

Whether you currently operate a DC scheme, a DB scheme or both, if you would like to get a feel for whether a CDC pension scheme – or decumulation options for your members more generally – could be the right solution for future provision of benefits for your workforce you can access our CDC Quiz here.

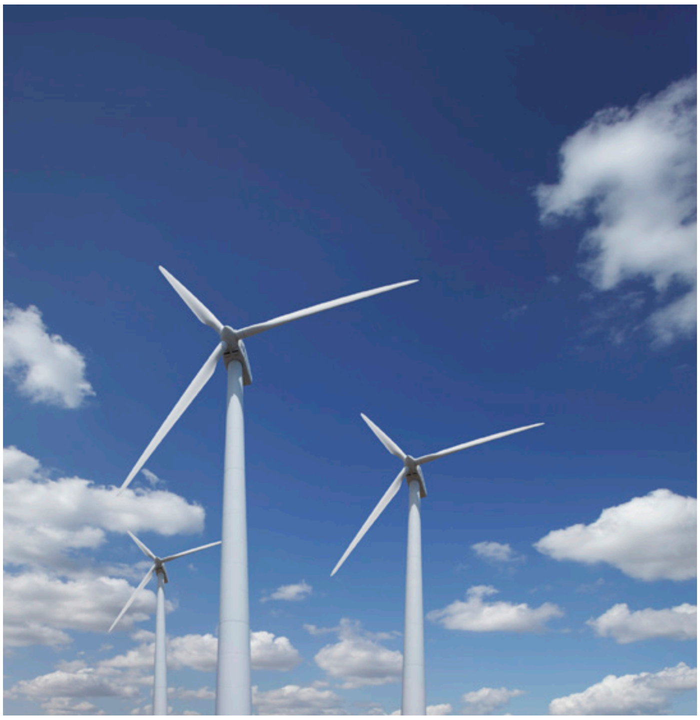
If you're interested in exploring CDC provision further, or in joining our newly established CDC Interest Group, you can speak to your usual consultant or contact us at CDC.UK@aon.com. We can also put you in touch with the Department for Work and Pensions (DWP) if you wish to take part in the industry engagement on multi-employer/industry-wide CDC schemes.

Pension Schemes Act – state of play

Some provisions of the Pension Schemes Act 2021 are now in force, but these are mainly regulation-making powers. This is the current state of play:

Topic	Consultation and regulation timing	Measures will be (*or expected to be*) in force
Climate change governance and reporting	Regulations have been made (see page 3). The Pensions Regulator is consulting on supporting guidance.	1 October 2021 for largest schemes
New criminal offences	Consultation by the Regulator has taken place. Its final policy is due later this year.	*Autumn 2021*
New powers for the Pensions Regulator	Two sets of Regulations laid before Parliament for approval (see pg 4). The Regulator is consulting on changes to its code of practice to incorporate the new measures.	1 October 2021
Limiting transfer rights to help prevent pension scams	Consultation has taken place (see page 8). Government response awaited.	*Early autumn 2021*
CDC scheme framework	Consultation underway (see page 1).	*To be confirmed*
Extended notifiable events framework	2021	*2022*
Scheme funding – including statement on long term funding and investment strategy	Later this year (on regulations, and further consultation on code of practice).	*Late 2022/early 2023*
Pensions dashboard provisions	Consultation December 2021; parliamentary debate in 2022 (see page 5).	*2023*

Climate risk governance and reporting



The government is pressing ahead with the introduction of new duties for trustees to consider and assess climate-related risks and opportunities and to report on how they have done this.

In May's In Sight we set out details of the second consultation by the DWP on these requirements. The DWP has now responded to its consultation and the regulations are in place.

As expected, the regulations will require trustees to meet climate governance requirements in line with the 11 recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and to report on how they have done so. The timetable remains the same — requirements will be phased in, broadly as follows:

- Schemes with £5 billion or more in relevant assets on their first scheme year-end date on or after 1 March 2020, along with master trusts and CDC schemes (irrespective of the asset value), will be required to implement the new climate governance requirements from October 2021, for the remainder of the scheme year, and to report on this — in line with the TCFD's recommendations — within seven months of the first scheme year-end date on or after 1 October 2021.
- Schemes that are not already in scope, but have £1 billion or more in relevant assets on their first scheme year-end date on or after 1 March 2021, will need to comply from 1 October 2022 for the remainder of the scheme year and report within seven months of that scheme year-end date.
- Extension of the requirements to smaller schemes (from late 2024 or early 2025) will be subject to further consultation in the second half of 2023.

Some changes have been made as a result of the consultation, including:

- **Scope:** the definition of a 'relevant contract of insurance' has been extended so that contracts that do not exactly match the cost of benefits can be excluded (insurance contracts are excluded from relevant assets for the £5 billion or £1 billion threshold assessment).
- **Targets:** the DWP has clarified that target setting must take place during the first year that the regulations apply to the scheme (rather than on the first day).
- **Metrics:** collecting data and reporting on 'scope 3' greenhouse gas emissions (i.e. certain indirect emissions) is not required in the first year that the regulations apply to a scheme.

The Pensions Regulator is consulting until 31 August on draft guidance outlining its approach to the above requirements. The guidance describes what trustees will need to do and report on in order to comply with the legislation; and is intended to be used alongside the DWP's statutory guidance. The consultation includes a new appendix to the Regulator's monetary penalties policy, covering mandatory and discretionary penalties for breaches of the climate change governance and reporting regulations.

Action

Trustees of schemes with relevant assets of more than £1 billion can now move ahead with plans to meet the new requirements. However, all trustees should consider the impact of climate change risks on the management of their scheme.

FCA consults on TCFD proposals

The Financial Conduct Authority (FCA) is consulting on proposals for asset managers and FCA-regulated pension providers to make TCFD-aligned climate risk disclosures, similar to the above arrangements for occupational schemes. Companies would be required to report annually on how they take climate-related risks and opportunities into account in managing or administering investments, and to produce consistent and comparable disclosures in respect of their products and portfolios. The consultation closes on 10 September and the FCA aims to publish a policy statement later this year.

Green pensions charter

A new *Green Pensions Charter* calls on employers to commit to green their pension schemes to tackle climate change. The charter was drawn up by the campaign group Make My Money Matter, in partnership with Count Us In. By signing up, organisations collectively commit to:

- Call on the pensions industry to agree net zero targets for all investments by COP26 (the 26th UN Climate Change Conference in Glasgow in November 2021).
- Engage with trustees and pension providers to explore how their own schemes can align to net zero before 2050.

A stronger Pensions Regulator

The government and the Pensions Regulator have consulted on various aspects of the implementation of the Regulator's enhanced powers under the Pension Schemes Act 2021.

Regulations extend the Regulator's powers

The DWP has responded to its consultation on regulations covering the new employer resources test for contribution notices and extended information gathering powers, on which we reported in the May edition of In Sight. The response confirms that it intends to proceed broadly as proposed, with some minor amendments to reflect issues raised in consultation.

The regulations are due to come into force on 1 October 2021. The response confirms the DWP's view that the new employer resources and insolvency tests for contribution notices will only apply to acts (or failures to act) from that date.

Consultation on contribution notice CoP

The Regulator has consulted on changes to code of practice 12, which explains the circumstances in which it would expect to issue a contribution notice under the material detriment test. The code is to be expanded to cover the two new tests that are being introduced under the Pension Schemes Act 2021:

- The **employer resources test** will consider changes to the sponsor's profitability – which the DWP's consultation response confirms will be assessed using profit before tax.
- The **employer insolvency test** will consider changes to the recoverability of a section 75 debt.

The draft code lists the circumstances in which the Regulator expects to issue a contribution notice where one or more of the tests could be met:

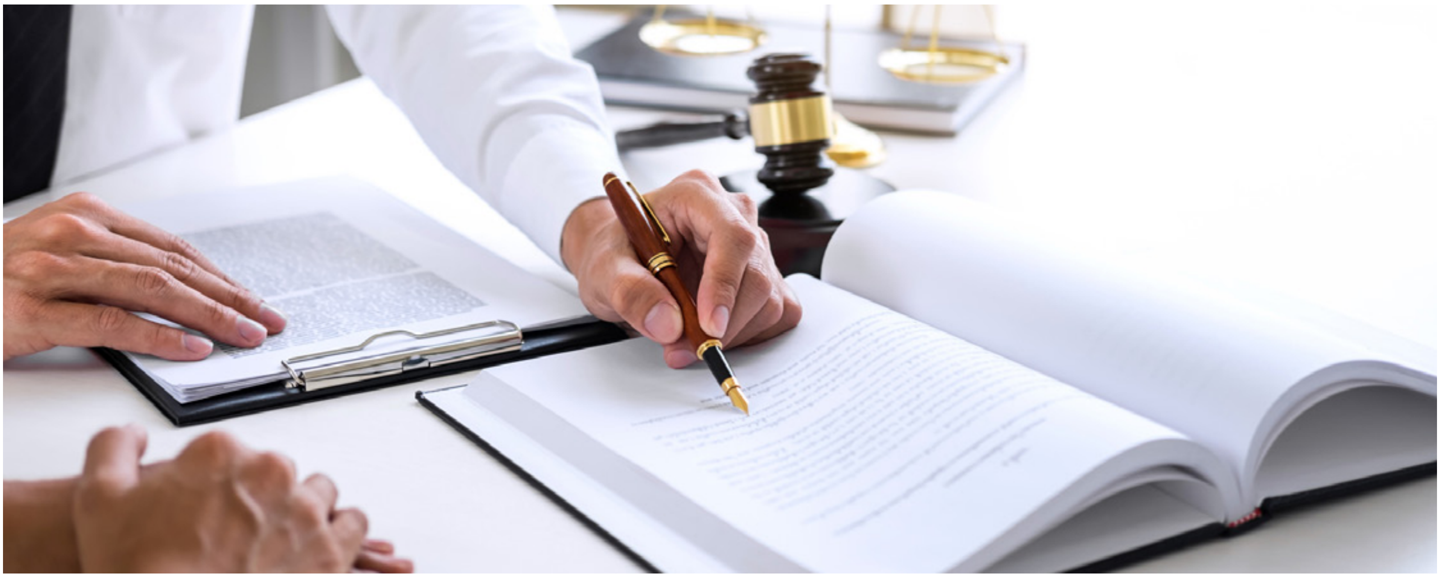
- sponsor support is removed, substantially reduced or becomes nominal;
- weakening of the scheme's creditor position (for the material detriment and employer insolvency tests);
- some instances of paying a dividend or a return of capital by the sponsoring employer; and
- payments favouring other creditors of the employer over the scheme where no such sums are then due to those creditors.

The policy intent is to introduce new tests assessed by reference to the impact on the sponsoring employer — assessed on a snapshot basis, removing the need for forecasts. The draft code includes related guidance with several illustrative examples of scenarios that could be the subject of a contribution notice.

The new tests are expected take effect from 1 October 2021.

Action

Sponsoring employers should familiarise themselves with the new tests, and the potential implications for corporate activity.



Pensions dashboards

Call for input on staging timetable

The Pensions Dashboards Programme (PDP) has launched a call for input on a proposed timetable for schemes to start connecting to the pensions dashboards ecosystem. The PDP recommends that staging should be done in three waves:

Wave one: largest schemes (1000+ members)

This would start in April 2023 and run for up to two years. The PDP estimates that this will cover 99% of members and suggests it is split into three cohorts:

1. Master trusts and FCA-regulated providers of personal pensions, starting spring 2023.
2. DC schemes used for auto-enrolment, during 2023.
3. All remaining occupational schemes with 1,000+ members (in order of size) with the largest DB schemes to onboard in 2023.

Wave two: medium schemes (100 to 999 members)

This would be unlikely to start before 2024 (once the bulk of large schemes have successfully connected). It would be staggered by size and could take longer than two years.

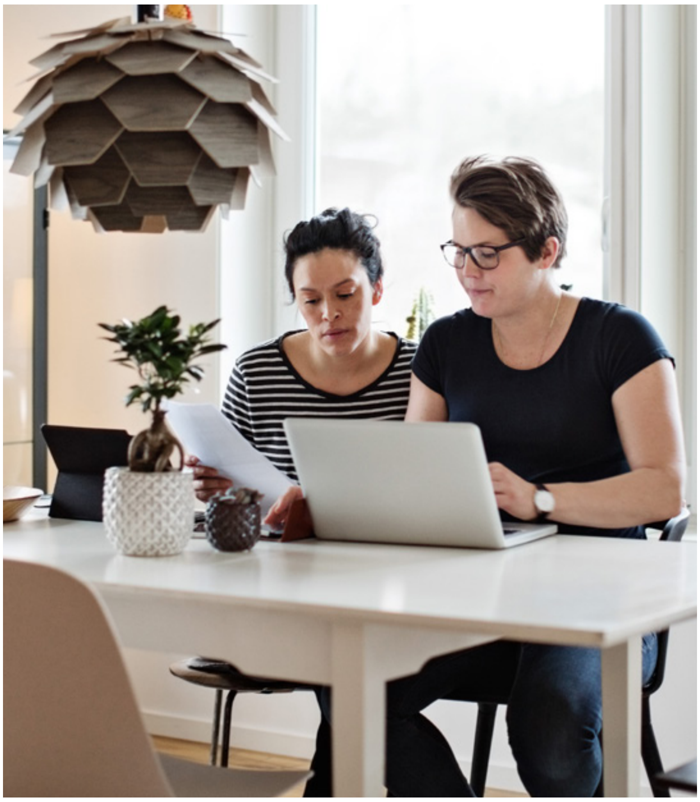
Wave three: small and micro schemes (fewer than 100 members)

These would be staged from 2025, once wave one is complete. There are no details at this stage, but the PDP acknowledges the importance of providing certainty to these schemes in due course.

The PDP has also created an information hub that includes a breakdown of the steps data providers (pension schemes and personal pension providers) will need to take to connect to the ecosystem, as well as an overview of how it will work.

From the date schemes are required to be connected to the ecosystem, they must be ready to receive data requests, to match those requests to individuals and respond with the required information. The PDP continues to indicate that each scheme will need to determine *matching criteria* (the precise combination of matching personal data items necessary to define a match with an individual and so release data). We believe this will be inefficient and expensive for trustees, and that it is important that the PDP or government determines a standard approach that industry can follow. Aon will continue to advocate for this through the consultations and calls for input, and through industry bodies such as the Pensions Administration Standards Association (PASA) and the Pensions Regulator.

The consultation closed on 9 July. Ultimately, the timing of the staging requirements will be determined by the government (through DWP regulations expected to be consulted on by the end of this year — see page 2 — and corresponding FCA rules).



Guidance on data management plans

PASA has published guidance on data management plans (DMPs), setting out the purpose of a DMP and the information that it might be expected to include.

A DMP allows trustees to formalise their approach to managing and improving their pension scheme data and to agree a policy for managing it effectively. PASA gives suggestions for some of the sections that might be incorporated — such as processes for receiving, transferring and managing data, measuring data quality and data improvement plans. The data requirements for pensions dashboards can also be incorporated into a scheme's DMP.

PASA encourages all trustees to review the completeness, accuracy and appropriateness of their data and to operate a DMP, as part of their wider risk management framework.

Aon discussed how *Data could save you millions* in a recent PMI article and in our 2021 Virtual Pension Conference.

Action

Progressing data quality and management should be a priority for all schemes as they get ready to connect to pensions dashboards. Rather than tackling data just in time, we encourage trustees to build data improvement into their strategies, working with their administrators and other advisers to deal with data on a project-led basis.

DC consolidation and investment

The DWP is proceeding with changes that aim to improve outcomes for members of DC schemes, starting from 1 October 2021. It has issued its joint response to two consultations, covering a multitude of issues relating to scheme investments and overall governance.

Most of the changes affect *relevant schemes* i.e. those already required to produce a chair's statement each year. (Broadly, this means schemes that provide money purchase benefits other than just AVCs.)

For scheme years ending after 1 October 2021, all relevant schemes (regardless of size) will have to report in their chair's statement on the net investment returns of default arrangements and self-select funds. New statutory guidance covers this requirement.

Currently, trustees of all relevant schemes have a duty to assess costs and charges. There will be a new requirement for schemes with total assets of less than £100 million (and that have been operating for at least three years) to carry out a more detailed value for members assessment each year. For hybrid schemes, total assets (both DB and DC) count towards this threshold. The more extensive assessment of value will cover: costs and charges; net returns on investments; and administration and governance. With some exceptions, if trustees cannot demonstrate that the scheme is delivering good value, they will be expected to wind it up and consolidate. The costs, charges and net returns must be measured against three other schemes; and trustees must have discussed a possible transfer with at least one of these. Schemes must report on this assessment in their chair's statement and in their scheme return to the Pensions Regulator. This change applies for scheme years ending after 31 December 2021 (pushed back from 1 October as originally proposed).

Other key changes from 1 October 2021 include:

- All schemes must report their total assets to the Regulator via the annual scheme return.
- The statutory guidance on cost and charge reporting has been revised to clarify certain aspects (including how separate documents can be disclosed as a series of linked web-pages) and to allow more flexibility on the illustration.
- Performance fees may be averaged over 5 years when testing against the charge cap for charges years ending after 1 October 2021.
- DC schemes containing with-profits default arrangements must produce a default SIP.

Further DC consolidation

The value for members assessment could be extended in future to larger schemes. The DWP is keen to take further action on DC consolidation and published a call for evidence, asking for views (until 29 July) on what barriers and opportunities there are for greater consolidation of schemes with assets between £100 million and £5 billion. No specific policy proposals have been made.

Action

Trustees of relevant schemes should be preparing to meet these new requirements. This will include taking advice on the new value for members assessment required of smaller schemes and on the disclosure of net investment returns.

Simpler annual benefit statements

The DWP has consulted on draft regulations that will introduce simpler benefit statements for members of certain DC pension schemes that are used for auto-enrolment. The aim is to make benefit statements more consistent and easier to compare, following earlier consultation on how to improve member engagement.

The proposed changes will require trustees to present the relevant information in a format that fits on one double-sided sheet of A4 paper. This will apply whether the benefit statement is provided in paper or electronic form, unless the member has requested it in an alternative format (e.g. in large print or a different language). Any additional information, such as on charges, must be contained in a separate document(s), with the benefit statement being the first substantive item in any pack of information sent to the member.

Trustees must have regard to statutory guidance when preparing the statements and a draft has been issued that includes an illustrative two-page template. This presents the information in a five-section format to ensure consistency across a member's pension schemes. It is intended to help members understand how much money they have in the scheme and what has been saved in the statement year; how much money they could have when they retire; and what they could do to give themselves more money at retirement.

The consultation closed on 29 June. The proposed changes are expected to apply to all new statements issued to members (except pensioners) on or after 6 April 2022.

The requirements will apply where the scheme is a *qualifying scheme* for auto-enrolment purposes and provides only money purchase benefits. Other DC schemes do not need to comply, but the DWP encourages voluntary adoption of the principles in the guidance. The proposals do not apply to defined benefit, hybrid or public service schemes.

The DWP has also set up a working group to consider the idea of a statement season which, in the future, may require schemes to send statements during a certain time in the year.

Action

Trustees who are affected by these changes should discuss the new requirements with their administrators and ensure their benefit statements are compliant.

Other DC news

Stronger nudge to pensions guidance

The DWP is consulting on draft regulations that will require trustees to nudge members towards pensions guidance before they take flexible benefits (i.e. broadly money purchase or cash balance benefits). As reported in the February edition of In Sight, these measures are intended to improve take-up of Pension Wise guidance.

Where a member aged 50 or over applies to draw or transfer their pension rights, the trustees will be required to explain the nature and purpose of Pension Wise guidance and offer to book a Pension Wise appointment on their behalf. Before proceeding with the member's application, the trustees must follow a separate opt-out procedure, to check that the individual has received guidance or made an active choice to opt out. There are some exemptions – for example, a nudge will not be needed for transfers to DB schemes. The DWP has chosen not to define what constitutes an application, but the policy intention is that it should be as early as practical within the process.

These changes are expected to be introduced for trust-based schemes from 6 April 2022. The FCA recently proposed corresponding rules for contract-based schemes; final rules are expected later this year.

DC permitted charges

The DWP has been consulting on the introduction of a de minimis pot size below which the flat fee element of a combination charge cannot be charged in default arrangements (where money purchase benefits are used for auto-enrolment). Members in such default arrangements with pots smaller than the de minimis level could then only be charged a percentage of funds under management. This follows the DWP's 2020 review of the charge cap, on which we reported in the February edition of In Sight.

This de minimis will apply to active and deferred members' pots. It will initially be set at £100 but will be kept under review, with any future changes considered alongside potential solutions to the proliferation of small pots. This measure is expected to be introduced from 6 April 2022.

The DWP also asks for views on the possibility of moving to a universal charging structure for default arrangements. This would allow only a single percentage annual management charge, with combination charging no longer permitted. (At present, a percentage annual management charge can be combined with an annual flat fee or with a percentage charge on each new contribution.)

Chair's statements not working as intended

A mandatory review of the DC governance requirements introduced in 2015 has concluded that most of the provisions meet the policy objectives, but that those in relation to the chair's statement are not working as intended.

The review found that using the same statement in relation to both scheme governance and member engagement does not work. It revealed strong concerns that statements are currently too long, complex and costly to produce. It was also noted that consideration should be given to the legislative requirement for the Regulator to issue mandatory fines in relation to the chair's statement and whether there should be an amendment to allow it to use discretion.

The government will work with the Regulator to reconsider the intended audience and the content of the statement. No timescales have been given for further work in this area.

Improving the pension saving journey

The Pensions Regulator and the FCA have asked for views on how they can help members to make more informed decisions at each stage of their pension saving journey, in order to improve outcomes. Their joint consultation follows the launch of the Pensions Regulator's 15-year corporate strategy, which highlighted a shift from DB to DC pension saving. The regulators also note that pension outcomes can be impacted by societal issues including: the large gender pensions gap; the lower savings levels of some ethnic minority groups; and multiple shifts between employment and self-employment. Responses to the call for input will help shape future regulatory policy-making.

Government responds to scams inquiry

Last year the Work and Pensions Committee launched a three-part inquiry into the impact of the pension freedoms and the protection of pension savers. The government has now responded to the first part, on pension scams and what more can be done to prevent them. It has rejected the Committee's recommendation to use the forthcoming Online Safety Bill to tackle fraud facilitated through paid-for advertising, such as adverts on search engines. Instead, there will be a consultation later this year on how online advertising is regulated.

Transfers and scam protection

Pension scams continues to be a key issue within the pensions industry and there are a number of initiatives working to combat scams.

Limiting transfer rights

The DWP is planning to introduce legislation that will require trustees to block pension transfers in some circumstances, in order to protect against scams.

Under proposals set out in a consultation in May, transfers to certain types of scheme representing a low risk will be able to proceed without further checks. This will apply for transfers to public service schemes, authorised master trusts, authorised CDC schemes and personal pensions operated by insurance companies authorised by the FCA — but not for transfers to other personal pensions, including some SIPPs.

If the transfer is to an occupational pension scheme, members will be asked to provide proof of an employment link with the receiving scheme, or proof of residence (if the transfer is to an overseas scheme).

All other transfers will be subject to a new flag system: trustees will need to determine whether any red or amber flags are present and may require additional information from the member to enable them to do so. The outcome of this analysis will lead to one of three conclusions:

- **Red flag** — the transfer should not proceed.
- **Amber flag** — the transfer can be paused until the member has taken guidance on pension scams from the Money and Pensions Service (MaPS).
- **No flag** — the transfer can proceed.

The new regulations, which would be made under the Pension Schemes Act 2021 (see page 2), are expected to come into force in autumn 2021.

Action Fraud awareness campaign

Action Fraud has issued a warning to savers to remain vigilant and #ProtectYourPension, following an increase in pension scam reports in 2021. Its new national awareness campaign reminds the public about the importance of doing research before making changes to pension arrangements.

On the horizon

Here are some key future developments likely to affect pensions:

October 2021

- New governance and reporting requirements on climate-related risks for largest schemes
- New powers for the Pensions Regulator
- New measures to encourage consolidation of DC schemes

Autumn 2021

- New statutory transfer conditions
- New criminal offences

Late 2021

- New single code of practice expected

2022

- Simpler benefit statements expected
- Earliest new funding code expected to come into effect

2023

- First wave of schemes starts connecting to pensions dashboards

2028

- State Pension Age will have reached 67
- NMPA increases to 57

Regulatory news

Annual funding statement 2021

The Pensions Regulator's annual funding statement sets out its expectations for current actuarial valuations, but also covers a range of themes relevant to all DB schemes.

For 2021 valuations, trustees might consider the overall tone to be one of caution. For example, trustees are advised to give careful consideration to any adjustments to longevity assumptions for the effects of Covid-19, and to avoid cherry-picking if allowing for post valuation experience. Trustees are also expected to try to reduce the length of recovery plans where possible, and to only agree to a reduction or deferral of contributions in specific circumstances.

As in recent years, a key theme is integrated risk management (IRM). Trustees are urged to:

- consider carrying out scenario planning as part of their scheme's IRM framework (with scenario testing to cover both the scheme and employer);
- ensure that risks (and how these are managed under the IRM framework) are documented, including climate change risks;
- continue monitoring the employer covenant frequently, with suitable trigger points and contingency plans in place;
- agree a long-term funding target, with shorter-term investment and funding strategies aligned to this; and
- start thinking about the new annual own risk assessment (ORA), as set out in the Regulator's draft single code of practice (as reported in May's In Sight).

The Regulator's guidance is also helpful for employers planning how to approach actuarial valuations:

- employers are expected to provide trustees with detailed financial projections and business plans updated for the impact of Covid-19;
- with regard to deficit repair contributions, there is a continued focus on affordability and equitable treatment of the scheme compared to other creditors. Where employers request liquidity support through reduced contributions, they should expect trustees to seek suitable mitigation;
- it is recognised that some employers may request deferral of deficit repair contributions in view of changes to corporation tax, including the increase to 25% in 2023; trustees may seek alternative security for the period of deferment.

Action

Trustees and employers should take the latest statement into account when making decisions on scheme funding.

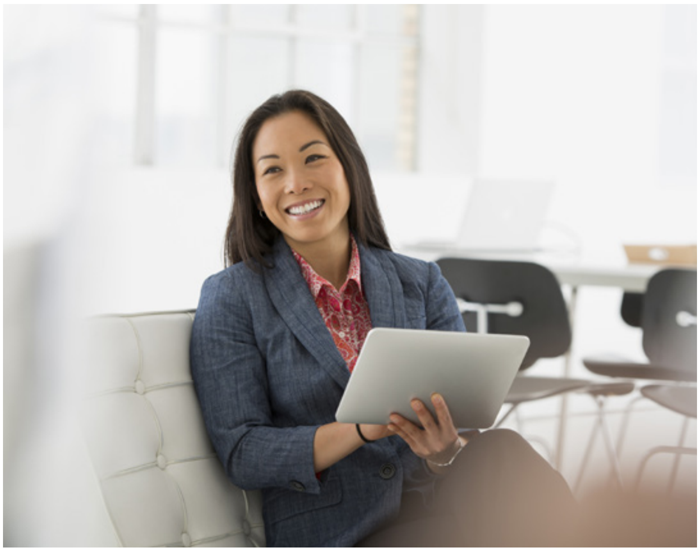
Ruling on level of PPF benefits

The Court of Appeal has published its ruling on the related *Hughes* and *Hampshire* cases concerning the level of Pension Protection Fund (PPF) benefits. It supports the PPF's value test for determining whether compensation is at least 50% of the value of a member's accrued rights if their employer became insolvent.

The ruling also agreed with the High Court's previous decision that the PPF compensation cap is unlawful based on age discrimination and must be disapplied. However, the period of time over which the cap has to be disapplied is not yet clear, and the government has asked for more time to address the Court on this issue. The PPF has issued a holding statement, and it is possible that there may be a further appeal.

Blog on managing liquidity risk

The Regulator has published a blog that calls on trustees to improve their understanding of the liquidity risks to which their schemes are exposed. It expects more robust liquidity analysis to be carried out, to allow for example for alternative assumptions that might apply in times of severe market stress and the impact of these on assets' realisable values. The blog confirms that the Regulator's second consultation on its funding code of practice will include requirements in relation to the assessment and management of liquidity risk.



Pensions Ombudsman

Guidance on panels and IFAs

The Pensions Ombudsman (TPO) has issued guidance on recommending independent financial advisers (IFAs) to members. The guidance explains that pension scheme administrators (and employers and trustees) cannot provide financial advice unless they are authorised to do so by the FCA. However, they can provide members with factual information, including on where to seek financial advice.

The FCA's view is that a one-off exercise of identifying suitable IFAs, for instance by providing a list of advisers for members to consider, would not generally be considered a regulated activity requiring FCA authorisation. However, TPO cautions that schemes should normally facilitate access to IFAs covering the whole of the market (not those restricted to certain types of products or providers), should carry out and be able to demonstrate appropriate due diligence, and should ensure ongoing monitoring of any IFAs included on a list.

TPO advises that consideration should be given to the criteria under which IFAs are to be selected and retained or replaced, and to how the selection process can be shown to be impartial. The guidance also sets out what may need to be stated when members are provided with information — for example that the scheme is just facilitating access to advice, and not recommending any particular course of action.

Action

When selecting a panel of IFAs, trustees and employers should review TPO's guidance and consider taking advice. They should also put in place a process to ensure that the panel remains appropriate in future.

Early Resolution Service

TPO has also published a factsheet about its Early Resolution Service (ERS), explaining what the ERS is, how it operates, and what options are available for applicants. The main aim of the ERS is to provide an informal and streamlined approach to dispute resolution, and it can operate in some situations where TPO would not be able to deal with the complaint. The Early Resolution Team will look at a complaint to see if they can help resolve it fairly and informally at an early stage, without the need for formal adjudication.

Complaints picked up by the ERS do not need to have first been through the scheme's Internal Dispute Resolution Procedure (IDRP). Whatever the caseworker's opinion, the complainant can ask for an investigation to be carried out under the formal adjudication service. Sometimes they will have to complete the scheme's IDRP before the formal investigation can begin.

Brexit — data protection update

Transfers of data from the EU to the UK

Following the UK's exit from the EU, in order to allow the continued free flow of personal data from the EU and European Economic Area (EEA) to the UK without further safeguards, the EU needed to consider whether the UK has sufficient measures in place to protect data.

Pending the EU's decision, transitional provisions allowed the continued free flow of data until the end of June. Just prior to this deadline, the European Commission approved the necessary adequacy decisions, recognising that the UK's data protection laws are robust enough to ensure safe data flow. These decisions will automatically expire after four years, although they may then be renewed if the UK continues to ensure a level of data protection that is deemed to be adequate.

Transfers of data from the UK

Following Brexit, the government issued guidance saying that it was permissible to send personal data from the UK to the EU/EEA, or to Gibraltar and other countries deemed adequate by the EU. This is unaffected by the above adequacy decisions.

News round-up

GMP equalisation – conversion guidance

The GMP Equalisation Working Group (GMPEWG), chaired by PASA, has issued guidance on using GMP conversion for equalisation. This aims to show how schemes can use conversion – a legislative process in which GMP is converted to an alternative form of benefit – to achieve equalisation in a proportionate and pragmatic way. The GMPEWG provides examples of approaches that either have already been adopted or are being considered. The guidance builds on the legislation, and the DWP conversion guidance issued in April 2019, and does not advocate a particular course of action.

Action

The publication of the guidance provides schemes with a further resource to help progress their GMP equalisation exercises.

Finance Act 2021

The Finance Act 2021 implements a number of measures announced in the spring Budget. As a reminder, it includes the freezing of the lifetime allowance at £1,073,100 until April 2026, rather than it being linked to inflation as usual. It also includes tax provisions to allow the introduction of collective money purchase schemes (see page 1).

Action

If they have not already done so, trustees should review and update member communications in relation to the freezing of the lifetime allowance.

MoneyHelper website launched

The MoneyHelper website is now live. Launched by the Money and Pensions Service, MoneyHelper is a single source of money and pensions guidance for members. Anyone trying to access the legacy Money Advice Service, Pension Wise and The Pensions Advisory Service websites will be automatically redirected to the relevant MoneyHelper page.

A guide and toolkit has been produced to help explain the new service.

Increasing NMPA to 57

The government has responded to its consultation on implementing changes to the normal minimum pension age (NMPA). As reported in May's In Sight, NMPA will increase from 55 to 57 on 6 April 2028.

The consultation considered protections for members of registered pension schemes (including personal pensions) that had an unqualified right to take pension benefits below age 57 under the scheme rules at 11 February 2021 (the date the consultation commenced). As a result of the consultation, two additional flexibilities will be introduced: (i) the protection will apply to members of arrangements at 5 April 2023 (giving individuals a window of opportunity to join a scheme with a protected NMPA); and (ii) protection will be retained in a wider range of circumstances on transfer.

Action

Trustees should consider amending communications to note the change, so that members have ample warning and are aware of any protected pension age.

Report calls for upskilling of trustees

The UK Sustainable Investment and Finance Association (UKSIF) has published a report on its vision for the sustainable finance sector. The report calls on the government and regulators to seek ways to 'significantly upskill pension scheme trustees' in their understanding of the risks and opportunities related to sustainability, to help schemes to have appropriate policies in place and to better safeguard pension savers. The report also outlines proposals that would ensure that all trustee boards (and independent governance committees) above a certain size have at least one trustee with expertise on ESG issues.

PMI new accreditation regime for lay trustees

The Pensions Management Institute (PMI) has launched a new voluntary accreditation regime for lay trustees. This follows last year's launch of an equivalent programme for professional trustees. Trustees wishing to achieve accreditation, will need to complete the Pensions Regulator's trustee toolkit and both parts of the PMI's certificate of pension trusteeship. They will also need to undertake 15 hours of relevant Continuing Professional Development each year and complete any new or updated trustee toolkit modules to maintain their accredited status.

Training and events

Dates currently scheduled for our pensions training seminars are set out below.

Please contact us to discuss your training needs: pensionstraining.enquiries@aon.com

You can find a copy of our training brochure and book online at: www.aon.com/pensionstraining

Pensions training courses	Dates
Defined Contribution: webinar, equivalent to one day	22–23 September 2021
Defined Benefit Trustee Essentials: two day residential in Surrey	11/13/15 October 2021 (am)
Pension Governance Committee: webinar, half day	16 November 2021 (am)
Defined Benefit – part 1: webinar, equivalent to one day	14–15 December 2021

Other events

Aon participates in a variety of sector-specific conferences and exhibitions as well as holding regular seminars, webinars, conferences and events focusing on key issues of client interest.

To find out more about our events, go here.

Contacts

If you have any questions on In Sight, please speak to your usual Aon consultant or contact:

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About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and healthsolutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance. For further information on our capabilities and to learn how we empower results for clients, please visit: http://aon.mediaroom.com/

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