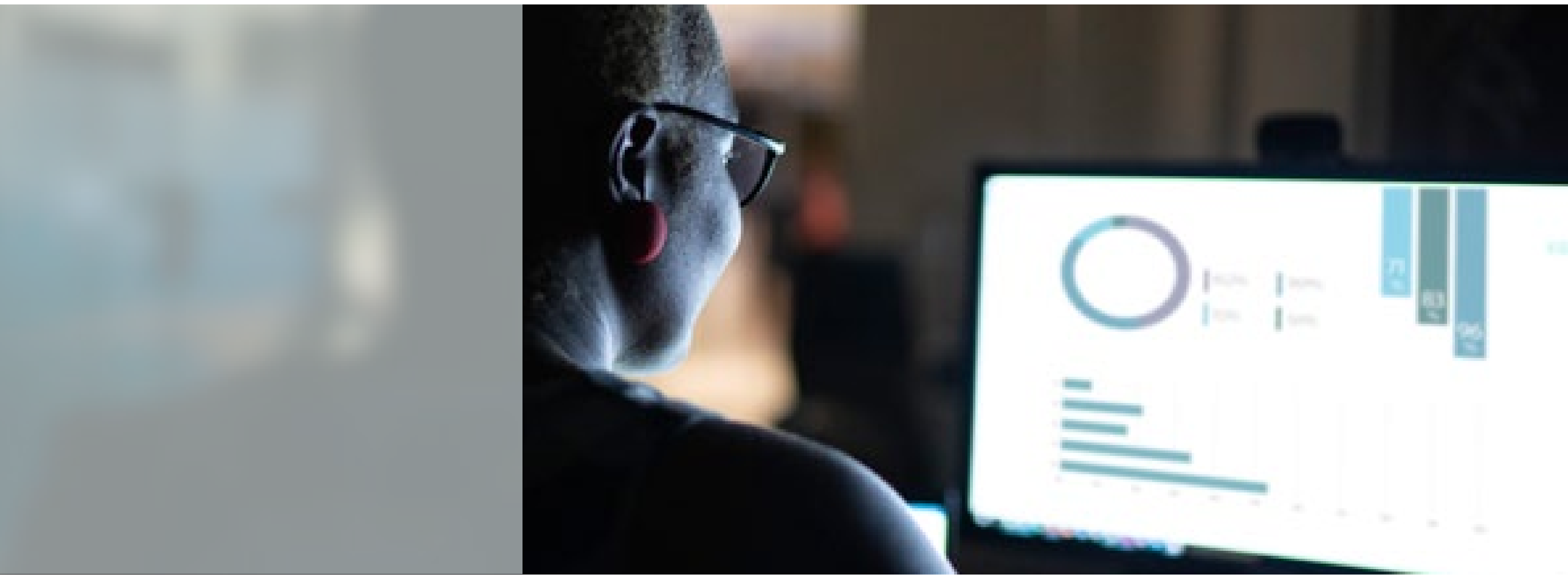
May 2022

In Sight



This Quarter's Round-up

Regular Features

Pensions Dashboards — Latest News

Several consultations have recently taken place that start to make pensions dashboards a reality. Pensions dashboards will be online platforms that allow people to view information about all of their pension savings, including state pensions, in one place.

DWP Consultation

The Department for Work and Pensions (DWP) has been consulting on indicative draft regulations that set out detailed requirements for pensions dashboards, including the staging dates for occupational schemes to connect to the system and the data they must provide.

The Pension Schemes Act 2021 provides the framework for dashboards and requires the Money and Pensions Service (MaPS) to develop and host a publicly owned pensions dashboard. Other organisations will be able to offer their own commercial dashboards, so long as these meet certain conditions. Trustees will be required to submit relevant pensions information to all these dashboards.

The proposals are outlined overleaf.

Staging Dates

The DWP has proposed a staged approach for connecting to the MaPS digital architecture, depending on the size and type of scheme. The size of a scheme depends on the number of relevant members (i.e. all members except pensioners) on the scheme year end date falling between 1 April 2020 and 31 March 2021:

- Large schemes (1,000 or more relevant members) and master trusts have staging deadlines between June 2023 and September 2024, depending on type, size and whether used for auto-enrolment.
- Medium schemes (100–999 relevant members) have deadlines between October 2024 and October 2025 depending on type and size.
- Small schemes (below 100 members) are not covered by the draft regulations but are expected to have to connect from 2026.

Hybrid schemes will have a single staging date for the entire scheme. Broadly, this will be the earlier of the staging deadlines that apply to its defined contribution (DC) and defined benefit (DB) sections. DB schemes with AVCs but no other DC benefits will be treated as DB rather than hybrid for this purpose.

Trustees will have a connection window during which they must connect their scheme — this will generally be the month leading up to their staging deadline, but the largest master trusts (20,000 or more relevant members) will have three months.

Provision of Pensions Information

Once connected, trustees must be ready to provide dashboards with information immediately, on request. This includes confirming whether the request relates to a member of their scheme and, where there is a match, providing information relating to the member immediately. Some of this information goes beyond that required under existing disclosure requirements.

There will not be a central database and dashboards will not be allowed to store personal or pensions information. Instead, the ecosystem has been described as a giant switchboard that will help users find and view their various pension rights.

In simple terms, an individual will ask a dashboard of their choosing to find their pension (giving personal data to confirm their identity, as well as consent for their information to be used). Once the user's identity has been confirmed, a Pension Finder Service will send this find request to all schemes connected to the dashboard, which must then search their records for a match.

Once a successful match has been made, the trustees will need to check with MaPS that the member consents to having their data provided to a dashboard service. If so, the scheme must return **view data** to the dashboard that issued the request, where it will be temporarily displayed. View data is a collective term for:

- **Administrative data** — such as information about the scheme and its administrator, and about the employment that gave rise to the pension including the dates of employment.
- **Signpost data** — where appropriate, details of website addresses for information on costs and charges, the scheme's statement of investment principles and the implementation statement.
- **Value data** — accrued and projected pension values, sometimes referred to as estimated retirement income (ERI), which will vary depending on the type of benefit:
  - **DC benefits** — schemes must provide the value of the accrued fund, and the projected fund at retirement date (if held); as well as annual income amounts for the accrued and projected funds. The projected fund and annualised income do not need to be provided before October 2023. The FRC's review of the underlying illustration assumptions will address how the projections are to be made — see page 3.
  - **DB benefits** — schemes must show the current deferred pension. Active members will also need to see a projected benefit at retirement but based on current salary.

  The value data must also be accompanied by **contextual information**, such as the illustration date; whether the value is expressed as a regular income, lump sum or pot value; attaching benefits and increases.

Administrative data and signpost data should be provided immediately on receipt of a find request. Value data should also be provided immediately where it has been calculated or appears on a benefit statement in the last 12 months. Otherwise, it must be provided within three working days for DC benefits and ten working days for non-DC.

MaPS Standards

The regulations will be supplemented by a range of standards covering issues such as data usage, design, technical matters and reporting. Following publication of the DWP's consultation, the Pensions Dashboards Programme (PDP) team in MaPS published updated standards and it will consult further on these in the summer.

Reporting and Compliance

Schemes will need to report management information such as the number of find requests received, how many positive matches have been notified to MaPS (and detail on possible matches), and the number of view requests received (with time taken to respond to each one).

The Regulator will be able to issue compliance notices to trustees and third parties for non-compliance with the dashboard requirements. It will have discretion to fine trustees on a per breach basis, with penalties of up to £5,000 for individuals (£50,000 for corporates).

FCA Consultation

The Financial Conduct Authority (FCA) has consulted on corresponding rules that will apply to providers of personal and stakeholder pension schemes. These schemes will also be required to connect to the MaPS digital architecture.

The FCA proposes an implementation deadline of 30 June 2023 for most of its providers, which is in line with the deadline for the largest master trusts in the DWP consultation.

Changes to DC Projections

The Financial Reporting Council (FRC) has been consulting on changes to actuarial standard TM1 (AS TM1) to reflect the pensions dashboards requirements.

AS TM1 currently sets out the basis to be used for Statutory Money Purchase Illustrations (SMPIs) that are provided annually to DC members to show an estimate of projected benefits at retirement in today's terms. AS TM1 will continue to apply to SMPI statements; in addition, the DWP has proposed that it will apply to dashboard projections of estimated retirement income. The FRC is therefore aiming for illustrations to be consistent and comparable across schemes and providers and is looking to standardise the assumptions used.

Qualifying Pensions Dashboard Services

Commercial dashboard providers will have to be authorised by the FCA and their details will be published on the Financial Services Register. The FCA plans to consult on the regulatory framework for FCA-authorised providers of qualifying pensions dashboard services (QPDS) later this year.

Next Steps

The DWP and FCA consultations closed on 13 March and 8 April respectively, and the FRC consultation closes on 6 May. The DWP aims to lay the regulations before Parliament later this year, most likely in the autumn. The FCA also aims to confirm its final rules in the autumn, alongside or shortly after Parliament approves the DWP regulations.

The new version of AS TM1 is expected to apply for all SMPIs and illustrations on dashboards issued on or after 1 October 2023.

The Pensions Regulator will publish guidance in 2022, including on steps to take to prepare and on matching. MaPS will also be issuing guidance on several issues.

Action

Schemes can now work out when their staging date is likely to be. They can also consider what criteria to use for matching find requests (in the February edition of In Sight, we noted that PASA has issued guidance on the matching criteria that schemes might adopt).

Trustees should also discuss with administrators how compliance with the new requirements will be achieved. Progressing data quality and dashboard readiness (including how to provide the relevant information) should be a priority for all schemes, but particularly those with 1,000 or more relevant members who will need to connect by the earlier deadlines.

Pensions and Ukraine

The Pensions Regulator has published guidance for trustees regarding the conflict in Ukraine and the resulting volatility in investment markets. The Regulator is aware that some schemes have written down to zero the value of Russian assets held by the scheme, and that others intend to sell such assets when it is practical to do so.

The guidance calls on trustees to be vigilant and to consult their advisers about any action they may need to take, depending on the scheme's investment, risk management or employer covenant exposures. The Regulator sets out various areas that it would currently expect trustees to consider, including any action that may be needed to align with sanctions announced by the UK government, and whether to communicate with members on steps being taken to manage risks to the scheme. Schemes are asked to let the Regulator know of any significant issues or challenges they or their sponsoring employers are facing as a result of the ongoing conflict, so that it can build a clearer picture of the impact on pension schemes.

The guidance is likely to be updated over time as the situation evolves.

Action

Trustees should review the Regulator's guidance and consider discussing this with their advisers.

Notifiable Events Regulations Delayed

Employers and trustees of DB schemes are required to notify the Regulator if certain events occur, giving an early warning of potential problems. Last year, the government consulted on draft regulations that will expand this notifiable events framework. It had been expected that the new regime would come into force on 6 April 2022. However, the government's response to its consultation, and the final amending regulations, are still awaited. Once the regulations are in place, the Regulator plans to provide more information on the regime in its code of practice and accompanying guidance.

Further details on the government's proposals are in the November edition of In Sight.

Pension Schemes Act — State of Play

Many of the provisions of the Pension Schemes Act 2021 are now in force, with several sets of regulations in place along with Pensions Regulator publications. This is the current state of play:

Topic	Consultation and Regulation Timing	Measures Are *(or Expected To Be)* In Force
Climate Change Governance and Reporting	New requirements in force. The Pensions Regulator has published supporting guidance (see the February edition of In Sight).	1 October 2021 for largest schemes 1 October 2022 for schemes with assets over £1 billion
New Criminal Offences	Two new criminal offences have been introduced. The Regulator has published its policy on investigation and prosecution of these (see the November edition of In Sight). A related consultation ran until 22 December 2021, containing draft enforcement policies (also in the November edition).	1 October 2021
New Powers For The Pensions Regulator	Revised code of practice 12, reflecting the new tests for issuing a contribution notice, is now in force (see the November edition of In Sight).	1 October 2021 (Code came into effect 25 November 2021)
Limiting Transfer Rights to Help Prevent Pension Scams	Regulations are in force (see the February edition of In Sight).	30 November 2021
Extended Notifiable Events Framework	Consultation on draft regulations closed 27 October 2021. The final regulations are still awaited — see page 4	*Had been expected April 2022*
CDC Scheme Framework	The legislative framework is in place. The Regulator is consulting on a draft code of practice — see page 6.	1 August 2022
Scheme Funding — Including Statement on Long Term Funding and Investment Strategy	Consultation due in the spring (on regulations, with a separate consultation to follow in late summer on the related details of the code of practice).	*Not expected to be in force before 2023*
Pensions Dashboards	DWP consultation on draft regulations closed on 13 March 2022 — see page 1. The DWP aims for a final version of the regulations to be laid before Parliament in autumn 2022.	*Largest schemes expected to start connecting from April 2023*

Latest Developments on CDC Schemes

As reported in the February edition of In Sight, the legislation enabling collective defined contribution (CDC) schemes will come into force on 1 August 2022. We expect the first CDC scheme to be in place this year.

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.

In March, the Pensions Regulator consulted on a draft code of practice for the authorisation and supervision of CDC schemes. The draft code provides detail on how the Regulator will carry out its role. The necessary criteria to be authorised include, for example, that the trustees and others involved in the scheme are fit and proper, and that the scheme is financially sustainable. For ongoing supervision, trustees may be asked to submit a supervisory return no more than once a year; and the Regulator must be notified of significant events that might affect the scheme's ability to continue meeting the authorisation criteria.

The CDC regime will initially apply to single or closely associated employer CDC schemes, such as the CDC scheme proposed by the Royal Mail. However, the government is working with interested parties on other forms of CDC — such as decumulation vehicles, commercial master trusts and industry-based multi-employer schemes — and has said it will consult on design principles later this year.

Action

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 CDC Interest Group, you can speak to your usual consultant or contact us at CDC.UK@aon.com.

Responsible Investment

Climate Change and Employer Covenant

The Employer Covenant Practitioners Association (ECPA) has published a paper *Reflecting climate change impact and risks in employer covenant assessments*. This argues that climate change-related issues will continue to have an impact on the employer covenants supporting DB pension schemes, and considers how the impacts should best be identified, assessed and mitigated.

The paper contends that climate issues should in the first instance be considered in sectoral terms, because of how the specific climate-related risks to which sponsors are exposed can vary so much across different business sectors. Sectoral analysis will include considering regulatory requirements, technological evolution, and the likely impacts on sponsor competitiveness and market positioning.

Action

Trustees and employers should work with their covenant adviser to understand how climate change will be allowed for in covenant assessments.

PLSA Guides on ESG and Cost Transparency

The Pensions and Lifetime Savings Association has published two new guides to help schemes: *ESG Made Simple* aims to explain environmental, social and governance (ESG) matters as an investment concept and show how it can be integrated into the investment strategy and oversight of pension schemes; *Cost Transparency Made Simple* aims to give a good working knowledge of the various costs associated with managing a pension scheme.

Getting Ready for TCFD

The Pensions Regulator has added an appendix to its December 2021 guidance on climate-related governance and reporting. The guidance, discussed in the February edition of In Sight, is intended to help trustees meet the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) for governance and reporting of climate-related risks and opportunities.

The new appendix includes a step-by-step example charting how the trustees of the fictitious XYZ pension scheme might approach the TCFD requirements. It includes sections on:

- The trustees' first steps — including discussions with advisers and training.
- Developing the base case — including taking advice to understand how the investment and funding arrangements may need to change.
- The impact of scheme data — obtaining the data needed to develop a programme of engagement with the investment managers and service providers.
- Meeting the requirements in the main areas — governance, strategy and scenario analysis, risk management, metrics and targets.
- Documenting the trustees' approach — including a lessons-learned exercise with their advisers.
- Completing and publishing the report.

The TCFD requirements already apply to master trusts, CDC schemes and occupational schemes with relevant assets of £5 billion or more; schemes with relevant assets of £1 billion or more will come into scope from 1 October 2022. Other schemes are encouraged to consider applying those aspects of the guidance likely to have the most impact on their scheme.

Pensions, Climate Change and Deforestation

In a recent article, two government Ministers — Guy Opperman and Lord Goldsmith — discuss how they are working together to support the green agenda. In the coming weeks, the government will reach out to UK pension funds to help them understand deforestation issues and how to manage this risk. The article explains that, at the CoP26 climate conference, 141 countries representing 90% of the world's forests committed to ending forest loss and land degradation by 2030.

DC News

DC Investment and Consolidation

Over the last couple of years, the DWP has consulted on a number of initiatives intended to make it easier for defined contribution (DC) schemes to invest in illiquid assets, and to encourage smaller schemes to consider consolidating. Its latest paper, *Facilitating investment in illiquid assets*, brings a number of these together.

The paper includes a consultation on proposals designed to boost investment in illiquid assets, including new disclosure requirements:

- Statement of Investment Principles (SIP) — DC and hybrid schemes would need to disclose and explain their policies for investing default arrangement assets in illiquids.
- Chair's statement — schemes with at least £100m of assets under management would have to disclose their default asset allocation (split between seven asset classes, and shown separately for different ages).

The consultation also proposes some technical changes to the employer-related investment (ERI) rules, to make compliance easier for master trusts with 500 or more participating employers.

The new consultation runs until 11 May 2022. The DWP intends to finalise the ERI regulations later this year. There is no timescale for the coming into force of the proposed disclosure requirements.

Consolidation of DC Schemes

The DWP has decided not to introduce new regulatory requirements in 2022 for the consolidation of DC schemes, following its consultation last year on the case for greater consolidation of schemes with between £100m and £5bn of assets. It will now focus on helping to create a framework for value for money (VFM) and will work with the Regulator to monitor the impact of the new VFM assessment required of smaller schemes. It believes this will improve member outcomes more than targeted consolidation measures.

Charge Cap

The DWP recently consulted on a proposal to exempt well-designed performance fees from the DC charge cap. This received a mixed reaction; taking account of concerns raised, the DWP will consult on guidance alongside any changes to regulations. No timescale is given for this.

Guidance on the Stronger Nudge

As reported in the February edition of In Sight, from 1 June 2022 trustees must give members a stronger nudge to take guidance from Pension Wise. Where a member with flexible benefits (broadly, DC benefits) applies to transfer or start receiving benefits, trustees must refer them to Pension Wise, explain the nature and purpose of the guidance and offer to book an appointment. The Pensions Regulator has now updated the text on “At retirement communications” in its *Communicating and reporting: DC schemes* guide to reflect the new requirements.

The new rules are being introduced in a bid to improve take-up of pensions guidance. In a recent report, the Work and Pensions Committee warned that this will not be enough to make receiving guidance the norm. It said that Pension Wise is well regarded but under used, and recommended that the government set a goal for at least 60% of people to be taking guidance or advice when accessing their pension pots for the first time. It also suggested that the government should commit to a trial of automatic Pension Wise appointments: one at the age of 50 before a person can access their pension, and another when they first access their pension.

Pensions Engagement Campaign

A cross-industry campaign has been announced, to try to boost the nation's understanding of, and engagement with, their pensions.

Led by the Pensions and Lifetime Savings Association and the Association of British Insurers, the campaign will run in autumn/winter this year. It aims to help people understand the basics of pensions, after research showed that only 20% of people are confident they are saving enough for retirement.

The campaign will share tips for pension savers on identifying their pension providers, ensuring contact details are up to date, checking retirement savings and helping prepare for pensions dashboards.

It is hoped this approach will encourage people to engage more with existing pensions communications, save more, review their retirement options, consider opportunities to consolidate, and see how and where their pension is invested.

Fifteen providers and pension schemes, representing approximately 41.5 million savers and customers, have committed to support the campaign. The initiative will complement the work of the DWP and has been welcomed by the pensions minister, Guy Opperman.

State Pensions

Review of SPA — Call for Evidence

In the February edition of In Sight we reported that the government had launched its second review of State Pension Age (SPA), as required every six years under legislation.

As part of this, the DWP has carried out a call for evidence that will gather information on aspects including longevity and ageing, intergenerational fairness, and affordability. The responses will inform an independent report that will be prepared by Baroness Neville-Rolfe and will make recommendations to the government on the metrics that should be taken into account when setting SPA.

Commitment to Reinstate Triple Lock

Last year, the government suspended the triple lock on increases to state pensions, dropping the earnings element for 2022/23. This meant that the basic and new state pensions rose by the higher of 2.5% and CPI inflation in April 2022. This one-year adjustment was considered necessary due to the impact of the COVID-19 pandemic, which resulted in the earnings increase measure being a 'statistical anomaly'.

The Secretary of State for Work and Pensions has now confirmed that the triple lock will be honoured for the remainder of this Parliament (i.e. until the next General Election). Under legislation, increases are linked to earnings growth but governments have committed to maintain the triple lock at recent elections.

Taxation

Finance Act 2022

The Finance Act 2022 received Royal Assent on 24 February. Provisions relating to pensions were discussed in the taxation sections of our November 2021 and February 2022 editions of In Sight. In summary:

- The normal minimum pension age (NMPA) will increase from 55 to 57 from 6 April 2028, with some protections for existing members and transfers, depending on scheme rules; and
- Scheme pays deadlines are extended, for members to require their schemes to pay their annual allowance charge where there has been a retrospective amendment to their pension input amount.

Action

As noted in February's In Sight, trustees should assess how the NMPA change (and any protections) will impact their scheme, and consider amending communications to note the change, so that members have ample warning and are aware of any protected pension age.

Spring Statement 2022

The Chancellor's Spring Statement on 23 March did not include any measures specific to pensions.

The starting point for employees' National Insurance contributions (NICs) — the Primary Threshold — was already due to increase from £9,568 to £9,880 from 6 April 2022. The Chancellor announced a further increase, from £9,880 to £12,570, from 6 July 2022. It will then be aligned with the personal allowance for income tax.

The basic rate of income tax will reduce from 20% to 19% from April 2024.

The annual allowance and lifetime allowance are unchanged for 2022/23. (The lifetime allowance has been frozen at £1,073,100 until April 2026.)

Net Pay Top-ups Not Expected Until 2026/27

It was announced in the Autumn Budget that, from tax year 2024/25, low earners will be due top-up payments in respect of pension contributions they have made using a net pay arrangement (i.e. most occupational pension schemes). The government has now said that the first top-ups, for 2024/25 contributions, will not be paid until 2026/27, rather than in 2025/26 as originally suggested. The delay is due to other ongoing HMRC programmes and the complex IT changes required.

GMP Update

GMP Fixed Rate Revaluation

From 6 April 2022 the fixed rate of guaranteed minimum pension (GMP) revaluation reduced from 3.5% to 3.25% per annum. This applies to schemes that were previously contracted-out where GMP for early leavers is revalued using a fixed rate. The new rate applies to members leaving service between 6 April 2022 and 5 April 2027. Fixed rate revaluation is generally reviewed every five years — the next review will set the rate that will apply from 6 April 2027.

Action

Schemes that apply fixed rate GMP revaluation should ensure that the reduced rate is applied for members leaving service after 5 April 2022.

GMP Equalisation — Further Guidance

Tax Guidance

HMRC has published further guidance on the tax treatment relating to both historic transfer value top-ups and GMP conversion. The guidance is welcome but it notes that further work is still needed on GMP conversion.

On historic transfers, HMRC confirms that a top-up payment to another registered pension scheme – which may be the same scheme to which the original transfer payment was made or another scheme - is likely to satisfy the key conditions for a 'recognised transfer', so it would be treated in the same way as a normal transfer value for pension tax purposes. Helpful comments are also made regarding lump sum payments to former members. If the earlier transfer was paid after 5 April 2006 and the top-up is no more than £10,000, HMRC's interpretation of the time limit for paying top-up lump sums should permit many such payments to be made direct to former members. More restrictive conditions apply to lump sums in respect of pre-6 April 2006 transfers. Tax would generally be payable on 75% of all these lump sums, as for trivial commutation of uncrystallised benefits.

On conversion, the guidance highlights known problems concerning the annual allowance charge and possible loss of protections, for members who have not retired and deferred members. Unfortunately, no new solutions are offered at this stage. For existing pensioners, and those at the point of retirement, the guidance confirms that the GMP conversion issues are much less significant.

FAQs for Administrators

The GMP Equalisation Working Group (GMPEWG), chaired by PASA, has published guidance from its administration sub-group, focused on a few frequently asked questions raised during the equalisation process. This is the latest in a series of guidance documents published by GMPEWG. The guidance will be updated and added to over time, as implementation projects progress and different approaches and solutions emerge.

Action

These guidance notes provide schemes with further resources to help progress their GMP equalisation exercises.

News Round-Up

Mortality Projections and COVID-19

The Continuous Mortality Investigation (CMI), owned by the Institute and Faculty of Actuaries, has published its latest standard mortality projections model, reflecting data up to the end of 2021.

The updated model, CMI_2021, reflects an additional year of mortality data in England and Wales. However, because of the COVID-19 pandemic, no weight has been placed on the 2020 or 2021 data. The CMI has given users the option to place non-zero weights on 2020 and/or 2021 data using new parameters.

The new model will (all else being equal) slightly decrease pension scheme liabilities compared to the previous version (CMI_2020). For a typical pension scheme, we expect the impact to be less than 0.5%.

Trustees and employers will need to consider carefully whether and how to adjust the CMI model to obtain mortality improvement assumptions that are appropriate for their pension scheme. It is important that this adjustment is based on data and sound principles.

Action

Trustees and employers using the CMI model for their DB scheme's mortality assumptions should discuss the implications with their actuary.

PLSA Stewardship and Voting Guidelines

The PLSA has issued its 2022 Stewardship and Voting guidelines, which provide practical guidance for pension scheme trustees considering how to exercise their votes at annual general meetings. Three key areas covered by the new guidelines are climate change, executive remuneration and diversity. The PLSA also stresses the other aspects of ESG investing.

Pensions Dishonesty Unit

The Pensions Ombudsman (TPO) has established a dedicated Pensions Dishonesty Unit to investigate allegations of serious breaches of trust, misappropriation of pension funds and dishonest or fraudulent behaviour by pension scheme trustees. The intention is to hold wrongdoers responsible for the unlawful gains they have made and ensure they repay these monies to scheme members.

This follows a number of recent high-value determinations by TPO including the Norton Motorcycles case. (Members of three schemes — of which the Norton owner was sole trustee — lost around £14m when their funds were invested in the Norton Motorcycles business. In February 2022, a former owner pleaded guilty to three charges of breaching employer-related investments rules.)

Some of the schemes may also be eligible for the Fraud Compensation Fund, but TPO notes that any money obtained for members through the new unit will be recovered directly from the hands of those responsible.

The unit is running on a pilot basis staffed by experienced workers from TPO's casework and legal departments.

Auto-enrolment Earnings Thresholds

For 2022/23 the qualifying earnings band (between £6,240 and £50,270) and the earnings trigger (£10,000) are unchanged from 2021/22. This means that the qualifying earnings threshold is no longer aligned with the National Insurance lower earnings limit.

Action

Employers should ensure that their auto-enrolment and payroll processes continue to reflect the correct figures.

Fraud Compensation Levy Raised

From 1 April 2022, the Fraud Compensation Levy ceiling increased to 65p per member for master trusts and £1.80 per member for other eligible occupational schemes (up from 30p and 75p respectively).

This levy is used to finance the Fraud Compensation Fund (FCF), which can make payments in cases where the assets of a scheme have been reduced as a result of an offence involving dishonesty, including an intent to defraud. As reported in the February edition of In Sight, the increase follows a High Court ruling that members of certain scam schemes could be eligible for compensation from the FCF, which significantly increased its liabilities.

The Pension Protection Fund, which administers the FCF, has confirmed that the levy for 2022/23 will be at these ceiling levels.

Scheme Returns from 2023

The Pensions Regulator and the PPF have confirmed changes to the asset class information collected annually from DB schemes via the scheme return. This is used by the Regulator to assess schemes' investment risk and by the PPF to calculate PPF levies. The changes will be implemented for the 2023 scheme return and the 2023/24 PPF levy.

There will be a tiered approach, based on scheme size:

- Smaller schemes (up to £30 million) will see only minor changes from the current requirements.
- Larger schemes will be asked to provide more granular data on their assets.
- The largest schemes (over £1.5 billion) will also have to carry out the bespoke stress calculation as currently required under the PPF levy rules, which takes account of derivative positions.

Schemes will be able to voluntarily provide more information if they wish.

Dormant Assets Scheme Extended

The Dormant Assets Scheme allows funds from certain financial products, such as bank accounts that have not been used for many years, to be transferred to a reclaim fund that is used to support social and environmental initiatives across the UK. Individuals can reclaim their money at any time.

The Dormant Assets Act 2022 allows for the expansion of the scheme to cover additional assets, including certain contract-based insurance and pension assets. In all cases a number of conditions must be satisfied for an asset to be considered dormant. For now, policies and assets held by occupational pension schemes remain excluded.

On the Horizon

Here are some key future developments likely to affect pensions:

Spring 2022

- Extension of notifiable events framework
- DWP consultation on scheme funding regulations

June 2022

- New DWP regulations and FCA rules on giving members of DC schemes a stronger nudge towards Pension Wise

August 2022

- The legislative framework for CDC schemes will come into force

Summer 2022

- Regulator's new single code expected to be laid before Parliament
- Regulator consultation on scheme funding code of practice
- PDP consultation on standards to support the pensions dashboards regulations

October 2022

- Climate-risk changes apply to next wave of schemes; and DWP proposes extending the requirements
- Regulator's single code expected to come into force
- Simpler benefit statements introduced for DC schemes used for auto-enrolment

Autumn 2022

- Pensions dashboard regulations expected to be laid before Parliament

April 2023

- First wave of schemes expected to start connecting to pensions dashboard

April 2024

- Low earners in net pay schemes to receive top-up payments (payable from 2026/27)

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 Benefit — Part 1	10 May (London) 12–13 July (webinar) 9 November (London)
Defined Benefit — Part 2	16 June (London) 14 December (London)
Defined Benefit Trustee Essentials (two days)	11–12 October (Woking, Surrey)
Defined Contribution	15 September (London)
Pension Governance Committee (half day)	23 November (London, a.m.)

Aon Pensions Conference 2022	Dates
Managing Risk and Supporting Members Our Conference is aimed at trustees of pension schemes and at pensions, HR and finance professionals who make decisions about or govern their company's pension scheme. Whether you decide to attend in-person or join from the comfort of your own desk, attending this free conference will offer you the opportunity to hear experts' views and ideas on how to manage defined benefit and defined contribution pension schemes - and will give you a space to learn from and network with peers. View the full agenda and register for your place at: https://www.aon.com/2022-pension-conference.aspx	7 June (Leeds) 9 June (London, live stream) 14 June (Birmingham) 16 June (Bristol, live stream) 21 June (Edinburgh)

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.

Contact Us

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About

Aon plc (NYSE: AON) exists to shape decisions for the better—to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.