February 2024

In Sight

This Quarter's Round-Up

Regular Features

General Code of Practice

The Pensions Regulator has published its long-awaited general code of practice, setting out its expectations on scheme governance and administration. The code is expected to come into force on 27 March 2024, once approved by Parliament.

The Regulator consulted with the industry on the draft general code (previously known as the single code of practice) in 2021. In this final version, it has taken the opportunity to streamline the content of the online modules and ensure consistent language throughout. As expected, there are five sections covering governance, funding and investment, administration, communications and disclosure, and reporting to the Regulator. While it is based largely on the previous codes, it does update the content and introduce some new requirements.

Continued on next page

A key aim of the general code is to create consistency in expectations between different scheme types. Therefore, the code applies to all trust-based defined benefit (DB), defined contribution (DC) and public service pension schemes, as well as personal pension schemes (to some extent).

However, not all legal obligations apply to all types of pension scheme. As a result, a new term 'governing body' refers to those responsible for running a scheme (such as the trustees of an occupational pension scheme). There is a new focus on carrying out an audit of skills and experience of governing bodies to ensure there is a clear understanding of their collective capability, as well as a stronger reference to ensuring diversity and inclusion.

All schemes will need to have systems of governance and internal controls, although the standards of governance required by law will depend on the type of scheme.

Key requirements for trustees include:

- The need to operate an **effective system of governance** (ESOG) with a suite of governance policies across all operations of the scheme that are updated at least every three years.
- Those schemes with 100 or more members will need to complete a triennial **own risk assessment** (ORA) to review their ESOG, with the first ORA due within 12 months of the last day of the first full scheme year after the code becomes effective.
- More defined risk management, including a requirement to have a risk management function, and a focus on assurance reporting of internal controls.
- A remuneration policy to focus on service providers paid by the governing body as well as covering conflicts in relation to in-house roles such as trustees, the trustee secretary, administrators, and sub-committees.
- The need to consider climate change (at least to some extent) for all scheme sizes.

Other key points to note include that the Regulator has clarified its previous proposed restriction on unregulated investments to now saying schemes should invest mainly in regulated markets. Also, the requirement to manage advisers is clarified to now include in-house as well as third party appointments.

This consolidated code will replace ten individual codes of practice previously in place (including the DC and public service codes, as well as those on trustee knowledge and understanding, internal controls, late payment of contributions and reporting breaches). Some existing codes will continue to apply separately: 02 notifiable events, 03 funding defined benefits, 10 modification of subsisting rights, 12 the material detriment test, 15 authorisation and supervision of master trusts, and (unnumbered) authorisation and supervision of CDC schemes.

Action

Governing bodies will need to demonstrate that they have a plan for compliance with the new general code. Trustees of all schemes should, therefore, familiarise themselves with the code, assess any gaps in compliance and consider how to resolve these, as well as comply with new requirements such as the ORA.

Employers are also likely to have an interest in the new code, particularly around the remuneration policy and the use of in-house resources (e.g. the internal audit team as well as any pension teams).

Abolition of the Lifetime Allowance

The government has laid before Parliament the Finance Bill, including 100 pages of detail about how it proposes to remove the lifetime allowance (LTA) from 6 April 2024, as originally announced in the Budget last spring.

Both of the unexpected changes that were included in the preceding consultation (and identified in the August edition of In Sight) have been dropped.

The Bill's provisions aim broadly to maintain the status quo for the calculation and tax treatment of lump sums and lump sum death benefits. To achieve this objective, two new lump sum allowances will be introduced:

- A **lump sum allowance** of £268,275 (25% of the current LTA) will limit the tax-free lump sum that can be paid on retirement; and
- An overarching **lump sum and death benefit allowance** of £1,073,100 (100% of the current LTA) will limit the tax-free lump sum that can be paid on death.

Calculations for members with existing lump sum and LTA protections (including Enhanced Protection, Primary Protection and the various forms of Fixed Protection and Individual Protection) will generally result in retention of those higher allowances in order to avoid any reduction in the tax-free lump sum that might otherwise be payable from 6 April 2024.

Currently (up to 5 April 2024) individuals use part of their LTA each time a Benefit Crystallisation Event (BCE) occurs, such as taking a pension. New transitional provisions will apply for members who have taken some of their benefits prior to 6 April 2024, triggering a BCE. The default position is that:

- The new allowances would be reduced by 25% of the LTA used as of 5 April 2024 (or 100% of the LTA, for any lump sum death benefits or any serious ill-health lump sum paid before age 75), and
- Neither allowance would be available where the member has used their entire LTA.

However, members can obtain a 'transitional tax-free amount certificate' from schemes where the amount of tax-free cash they have previously received is lower than the default amount — their allowances could then be reduced by the amount stated on the certificate rather than using the default approach. Schemes will need to provide these certificates, setting out details of the tax-free allowance previously used, within three months of a member's request.

A new **pension commencement excess lump sum** is also being introduced that will broadly replace the current LTA excess lump sum, although the circumstances in which the new lump can be paid are not identical to the lump sum it replaces and the amount may be more restricted. One important difference is that the new lump sum can only be paid in connection with a pension coming into payment. The intention is that the Bill's provisions will enable existing scheme rules relating to lifetime allowance excess lump sums to be used to pay the new pension commencement excess lump sum, but schemes will want to take legal advice on their own rules.

There are also amendments relating to membership of, and transfers to, non-UK schemes. A new **overseas transfer allowance** will be introduced and provisions relating to the **overseas transfer charge** will be amended, so that this charge is levied where no exclusion applies or where the transfer exceeds the available allowance.

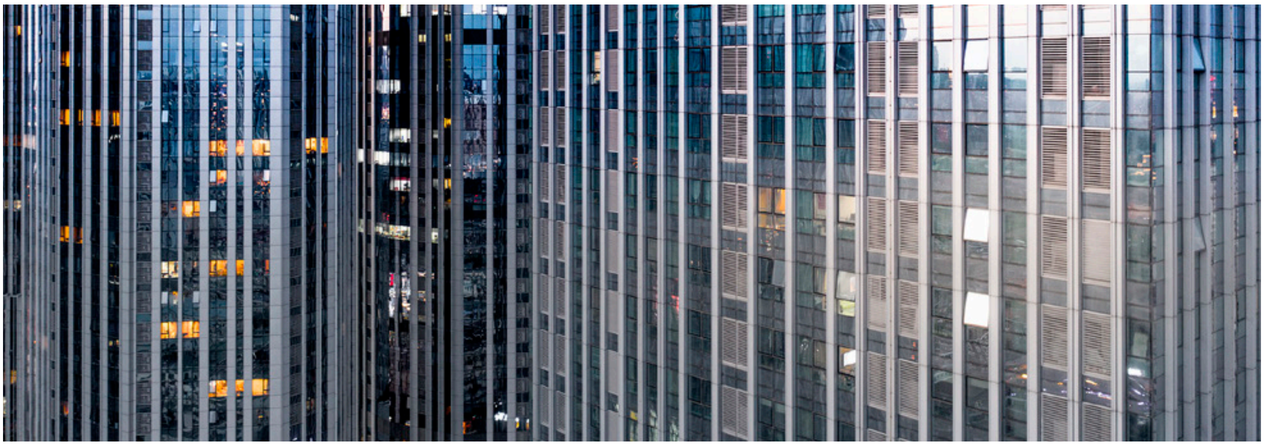
Changes are also being made to the framework for provision of information to individuals and between schemes, and for reporting to HMRC, to reflect the revised rules and the removal of the LTA.

Action

Although the Bill still needs to pass through Parliament and obtain Royal Assent, the proposed changes are expected to come into effect from 6 April 2024 and will therefore impact members reaching retirement in the very near future. Communications with members and employees will need to be reviewed and updated to reflect the new position.

Trustees may need to consider how the new provisions relate to their scheme rules, and whether any amendments are required; employers may wish to review their benefit provision for employees with benefits in excess of the LTA and confirm whether there will be any step changes in benefits from 6 April 2024 under existing scheme rules.

Autumn Statement 2023



November's Autumn Statement contained several announcements on pensions and investment, which largely built on initiatives launched as part of the Mansion House reforms. Key developments include:

Abolition of the Lifetime Allowance — confirmation that the Lifetime Allowance will be abolished from 6 April 2024, following the removal of the Lifetime Allowance charge from 6 April 2023. Legislation covering the details has now been published for Parliamentary consideration — see page 3.

Lifetime provider model — proposals under which employees could require a new employer to contribute to their existing pension scheme, moving towards a system where employees could have a single pot for life — see page 5.

Mansion House Reforms — alongside the Autumn Statement, the DWP issued several documents setting out next steps on the initiatives launched as part of the Mansion House reforms. These are mentioned below or covered in more detail on the following pages.

National Insurance Contributions (NICs) — Class 1 employee NICs were cut from 12% to 10% with effect from 6 January 2024.

Triple lock — this will be maintained, with an increase of 8.5% in April 2024 to the basic State Pension, new State Pension and Pension Credit standard minimum.

LGPS developments — the government confirmed that investment guidance for the Local Government Pension Scheme (LGPS) in England and Wales will be revised to meet its ambition of a 10% allocation in private equity. Additionally, it is accelerating consolidation of LGPS assets into pools to maximise benefits of scale; the Chancellor expects that by 2040 all LGPS funds will be invested in pools worth at least £200 billion.

Authorised surplus payments charge — as part of the Mansion House reforms, this charge will be reduced from 35% to 25% from 6 April 2024.

Long term Investment for Technology and Science (LIFTS) — the government will commit £250 million to two successful bidders under this initiative, which is operated by the British Business Bank (BBB). It will also establish a new Growth Fund within the BBB to give pension schemes access to opportunities in UK's most promising businesses.

Action

Schemes and employers operating salary sacrifice schemes may need to amend processes and member communications to take account of the reduction in employee NICs that took place on 6 January 2024. Employers operating such schemes also need to ensure that they do not allow employees to reduce their salary below the presiding National Living Wage level, which will increase on 6 April 2024.

Any employers with schemes considering a surplus refund should note the impending change to the surplus payments charge.

Update on Mansion House Reforms

Alongside the Autumn Statement, the DWP issued updates on several initiatives launched as part of the Mansion House reforms (as reported in the August edition of In Sight). As well as the developments covered on the following pages, the government published the outcome of its consultation on DC decumulation (see the separate article on page 8).

Dealing With Small DC Pots

The Department for Work and Pensions (DWP) issued the response to its July 2023 consultation on ending the proliferation of small deferred defined contribution (DC) pots. As previously announced, it intends to proceed with the multiple default consolidator model, whereby a small number of authorised schemes would act as consolidators for eligible pension pots.

The preferred approach is for a central clearing house to be responsible for matching small pots and to lead on communication with schemes and members. For members who have not made an active decision as to where their pot should go, the suggested approach is that in the first instance they would be consolidated into a scheme where they already have a pot. If the member has multiple pots with different consolidators, they would be allocated to the scheme holding the largest pot. Where members do not have existing pots with authorised consolidators, pots would be allocated evenly between the authorised consolidators.

For a pot to be eligible for automatic consolidation, it must be valued at less than £1,000 and have received no active contributions for at least 12 months. It must also have been created since the introduction of auto-enrolment; and be held within a charge-capped default fund that does not have a guarantee.

The DWP will develop an authorisation and supervisory regime for trust-based schemes to act as consolidators, and work with the Financial Conduct Authority (FCA) on options for a similar framework for contract-based schemes. Among other things, default consolidators would need to demonstrate good levels of value for money, offer decumulation services, provide high quality communication to affected members, and have sufficient scale to be able to deliver value for consolidated members.

An industry delivery group will work with the government on how to implement these measures. The aim is for the group to provide an interim update to Ministers by spring / summer 2024, with proposals for consideration in late 2024.

Lifetime Provider Model

The government is considering introducing a new lifetime provider model that would allow individuals to have one pension pot for life, with contributions paid into their existing pension scheme when they change jobs, to give greater control over their pension.

The government sees the small pots solution above as a starting point and wants to understand how this can be taken further, so that members are not left with multiple pots to manage. It is therefore exploring a longer-term mechanism to stop the creation of multiple new pots whenever employees change employer, and how that could operate in relation to the current stock of pots. A form of central architecture would allow employers to quickly identify which scheme their employees are using as their lifetime provider. Before then, a transitional arrangement might involve a voluntary member-led lifetime provider, giving more engaged members the opportunity to have a single pension pot.

The government anticipates that some schemes would be exempt from this new model, where an employer provides a better offering than the lifetime provider. This would include DB schemes, and possibly DC and CDC schemes that offer more generous features.

The call for evidence also discusses how the lifetime provider model could support the development of CDC schemes, allowing higher and longer-term investment in growth assets (including productive finance).

The call for evidence closed on 24 January 2024; there is no timetable for introducing this proposed model.

VFM Framework For DC Schemes

The FCA has announced that it will consult on draft value for money (VFM) rules for contract-based schemes in spring 2024.

Last year the FCA, the DWP and the Pensions Regulator (TPR) confirmed that a common VFM framework will be introduced to apply across all workplace DC schemes, both trust-based and contract-based (see the August edition of In Sight). This is intended to be done in phases. Therefore, the FCA is working closely with the government and TPR to ensure consistency across all DC schemes. TPR has encouraged trust-based schemes to engage with the FCA consultation so that there are no barriers to implementing the VFM framework in the trust-based environment in due course. (This will require primary legislation, to be addressed when parliamentary time allows.)

Trustee Investment Expertise and Skills

The government published its response to the joint DWP and HM Treasury call for evidence on helping improve the skills and capability of pension trustees and removing barriers to them making effective investment decisions. This focused on three areas: trustee skills and capability, the role of advice, and other barriers to trustee effectiveness. In particular, it sought to understand whether trustees have the right knowledge and skills to invest in the full range of investment opportunities.

There are no immediate proposals for legislation. Instead, the government intends to:

- Support TPR to develop and take forward a register of trustees — to enable the targeting of trustees and schemes who require additional support to fulfil their obligations.
- Strongly encourage all professional trustees to seek accreditation and consider whether legislation should be taken forward to mandate this in future.
- Encourage trustee training providers to consider whether their coverage of alternative asset classes is sufficient, and to expand their materials if needed.
- Work with TPR to produce additional information for employers to help them select a scheme (for auto-enrolment) based on value, not just cost, to complement the VFM framework.

No specific timetable has been given, but the government says it will "take forward immediate actions to address the issues raised", including the register of trustees, accreditation of professional trustees, and updating TPR's investment guidance.

Options For DB Schemes

The government published its response to the DWP's call for evidence on options for defined benefit (DB) schemes. It was particularly interested in three areas:

- Asset allocation and incentives around including productive finance in investment strategies.
- Current rules and barriers around investing to build up and extract surplus in DB schemes.
- The need for and potential impacts of a public consolidator for DB schemes, including a potential role for the Pension Protection Fund (PPF).

Most respondents expressed general support for the government's productive finance agenda, but many argued that this should not come at the expense of the security of members' benefits. There were mixed responses with respect to surplus, a public DB consolidator, and the role of the PPF.

It was announced in the Autumn Statement that the tax on authorised surplus payments would be reduced from 35% to 25% from 6 April 2024. In addition, the government will consult this winter on measures to make it easier for employers to extract surplus, including design, eligibility and safeguards. The consultation will also cover the viability of the PPF protecting 100% of scheme benefits for DB schemes that opt to pay a higher levy and consider the design of, and eligibility for, a public consolidator for schemes that are unattractive to commercial providers, which it believes the PPF would be well-placed to run; the government intends to establish the consolidator by 2026.

DB Funding Code and Regulations

The government's above response on DB options also comments that the new scheme funding regulations will "make explicit that there is headroom for more productive investment". Speaking at a House of Commons inquiry recently, TPR confirmed that it expects the new regulations to be in force by April 2024 and apply to valuations with effective dates from autumn 2024. TPR's scheme funding code of practice will come in on the appropriate timeline to also be in force for those dates. TPR also confirmed that it has revised the code, and believes it is "entirely consistent" with the government's Mansion House reforms as it allows for pension schemes to invest in diverse assets.

Decumulation in DC Schemes

Decumulation Framework For Trust-Based Schemes

The government has confirmed that it intends to place duties on trustees of DC schemes to offer a range of different decumulation products and services that are suitable for their members.

The DWP has published the outcome to its July 2023 consultation on helping savers understand their pension choices, which looked at the products and services that should be made available to members of trust-based schemes at retirement. It has decided that, at the point members take their benefits, they should be offered:

- A suite of decumulation products (used to convert pension savings into a retirement income e.g., an annuity or drawdown) and services of an appropriate quality and price.
- A generic default option, based on the general profile of the scheme's members; members will be placed into this default unless they opt for something different.

Trustees could offer these solutions in-house or by partnering with external suppliers (to provide a wider range of decumulation solutions than could be offered by the schemes themselves).

Trustees will also be expected to develop appropriate communications and guidance as part of the at-retirement support offered to members. There is recognition of the implications of the advice / guidance boundary and the DWP is already working with the FCA to look at this in more detail (see page 14).

The government will legislate at the earliest opportunity to impose these duties when parliamentary time allows. It has not yet specified a timetable for introducing the framework; in terms of the lead-in time that schemes would need after legislation has been introduced, the DWP says that 18 months to 2 years was the most frequently suggested period in the consultation responses.

In the meantime, the DWP will work with the Pensions Regulator on interim guidance for trustees on DC decumulation (due in 2024), to show how these policy objectives can be met without legislation, and to encourage innovation — see next page.

The DWP will also continue to work with industry to explore how to establish a collective defined contribution (CDC) pension option for decumulation.

Regulator's Approach to Decumulation

The Pensions Regulator recently set out five principles for how it wants the 'at-retirement' market to develop, which relate closely to the DWP's consultations on what support members need.

The Regulator talked about the problem of not all savers having the products and services needed to access their pensions. It has proposed five principles to shape the conversation around this:

1. All savers deserve value for money (VFM). Schemes should help savers to maximise the value of their pension savings into and throughout retirement.
2. All savers should be helped with decision-making. Savers should be encouraged and supported to make key decisions whilst saving for their pension, and in preparation for decumulation.
3. Schemes should put the saver at the heart of decumulation. Trustees should consider the best interests of savers and proactively help DC savers to mitigate the risks they face at and in retirement.
4. The market must innovate to provide genuine choice for savers. The saver should be given a choice in how to decumulate their pension savings considering their personal circumstances.
5. Schemes should provide wrap around and personalised support in the lead up to and during decumulation and post-retirement.

This will provide a pathway to decumulation becoming part of the new DC VFM framework that is being developed (see page 6).

In a subsequent blog, the Regulator outlined seven challenges for industry to address to make these principles a reality and ensure good outcomes from DC decumulation:

- How to assess VFM.
- Innovation in the design and range of products.
- Innovation in how savers are engaged and make decisions.
- Schemes need a clear insight of their membership.
- How to deal with savers who hold multiple pots.
- Issues when schemes work with third parties to offer decumulation products.
- The capacity and capability of some schemes (including single employer trusts).

These will all inform the Regulator's interim guidance on DC decumulation, which is due late this year, with fuller guidance to be developed over the longer term.

Pensions Regulator Update

2024 Scheme Returns

All registered pension schemes must complete a scheme return providing specified information to the Pensions Regulator. Except for a few very small schemes, a return must be made each year. The Regulator has started to issue 2024 scheme returns for DB and hybrid schemes, which must be submitted by 31 March 2024. It has published some information to help schemes which covers some changes to be aware of compared with last year's returns:

- All questions will be submitted through the Regulator's Exchange system — the questions that were submitted on a separate online form for the last two years have now been incorporated into Exchange.
- There are new questions to help the Regulator monitor compliance with the requirements for trustees to carry out a tender process when appointing a fiduciary manager and to set objectives for their investment consultants.
- There are new questions for schemes with leveraged liability-driven investment (LDI), requesting details of their liquidity and leverage and the controls that are in place.
- There are also new questions on the primary contact for pensions dashboards and on details of AVC providers.
- The guidance on completing the asset breakdown has been updated, which may require some schemes to change the way in which some of the individual data items are calculated.

Action

DB and hybrid schemes must submit their scheme return by 31 March 2024. Trustees will need to work with their advisers to collect the information required, particularly for the new or revised questions.

Guidance on Cyber Security

The Pensions Regulator has issued a new version of its guidance on cyber security for pension schemes. First published in April 2018, the guidance sets out how trustees can meet the expectations now set out in the general code of practice (see page 1).

Pension schemes are at particular risk of being targeted by cyber-attacks because of the large amounts of personal data and assets they hold. The guidance is intended to help trustees meet their duties to assess the risk, ensure controls are in place, and respond to any incidents as they arise. The Regulator expects these processes to be reviewed regularly — at least annually, and more frequently if there are substantial operational changes (e.g. a change of administrator).

For the first time, the Regulator is asking trustees and service providers to report significant cyber incidents, so that it can build a better picture of the risks faced. It defines a 'significant' incident as one that is likely to result in either a significant loss of member data, a major disruption to member services, or a negative impact on a number of other pension schemes or providers. Reporting to the Regulator does not replace existing legal requirements, such as the need to report certain data breaches to the Information Commissioner's Office.

Action

Trustees should review the guidance and consider what it means for their own scheme. Specific actions may include developing, reviewing and testing an Incident Response Plan, and reviewing the cyber resilience of the scheme's providers.

Expectations for M&As

The Pensions Regulator's Chief Executive Nausicaa Delfas has said that, whilst it will not prevent merger and acquisition (M&A) transactions, it will take action to ensure savers' interests are protected. It reminded corporates that pension schemes should be treated equitably alongside other creditors and urged them to engage with trustees from the outset of any M&A activity. The Regulator anticipates that such activity may increase as improved pension scheme funding levels make businesses more attractive.

Action

Companies should be aware of the Regulator's expectations.

DB Alternative Funding Arrangements

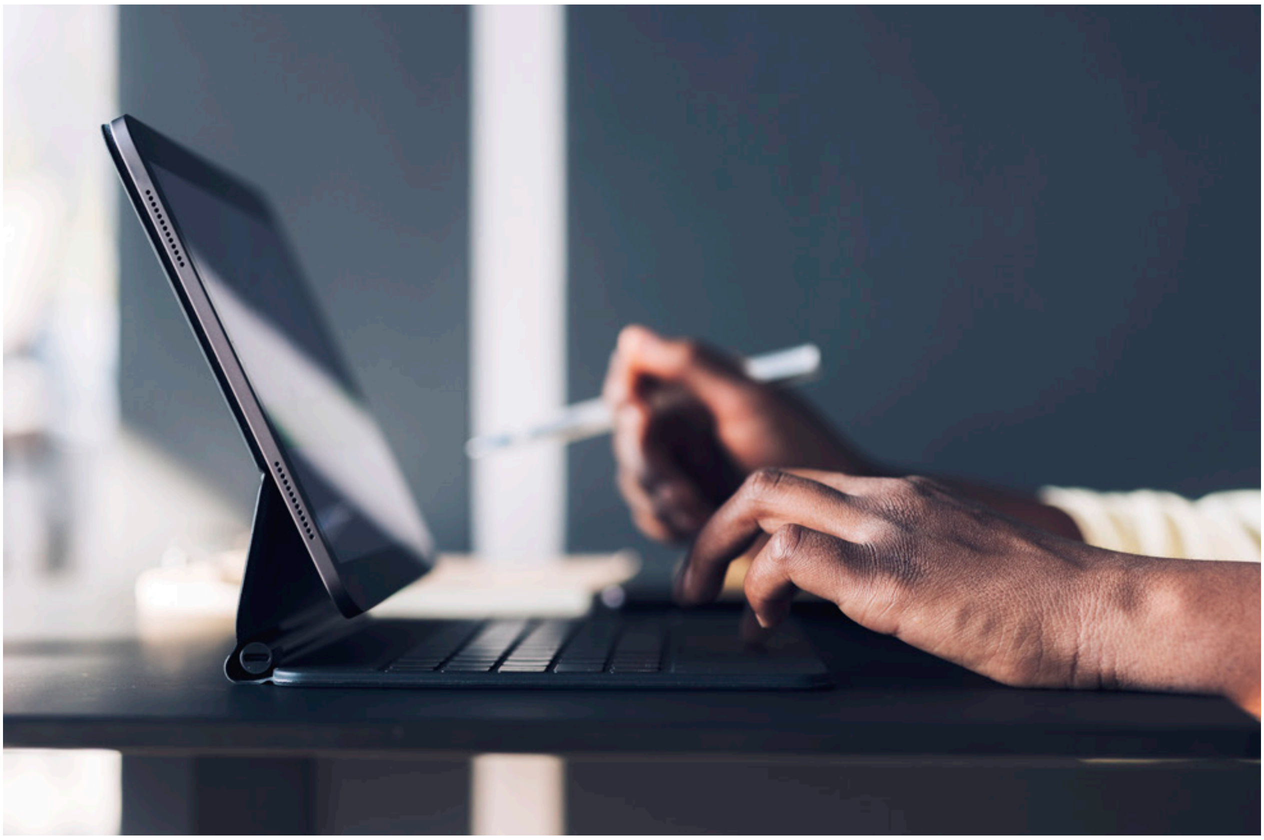
Blog on DB Alternative Arrangements Market

The Pensions Regulator has published a blog urging trustees considering a capital backed journey plan (CBJP) to engage with it at the earliest opportunity. The Regulator's Director of Supervision, Mike Birch, says that it wants to support innovation in savers' interests and thinks that "CBJPs may be a good option for some schemes when customised to their specific circumstances". He notes that elements of its DB superfund guidance are applicable to CBJPs and that it expects to assess CBJP proposals against that guidance (retaining flexibility to 'turn on or off' various aspects to suit the circumstances). The Regulator plans to publish new guidance in 2024 "to help trustees (and employers) navigate alternative arrangements and highlight factors that may be relevant to trustees' consideration of these offerings".

First DB Superfund Deal

Clara-Pensions has reached an agreement with the trustees of the Sears Retail Pension Scheme to enter into the UK's first superfund transaction. Clara will provide £30m of new, ring-fenced capital to support the 9,600-member scheme, with the aim of securing full buy-out with an insurer within five to ten years. Clara is the only DB consolidator to have completed the Pensions Regulator's assessment process; and the transfer to Clara has been cleared by the Regulator. Clara has indicated that it is currently in conversation with around a dozen further schemes that are interested in transacting and expects these to progress over the coming months.

News on Pensions Dashboards



The DWP is collaborating with industry on new guidance for staging timelines for pensions dashboards. Draft deadlines are currently being 'socialised' within the industry, with a formal announcement expected in the spring.

The most recent progress update report from the Pensions Dashboards Programme (PDP) notes that the aim is to publish final guidance at a time that will provide at least 12 months' notice ahead of the first connection date. This year, the PDP intends to engage on refinements to its dashboards standards, ahead of final publication, and to launch a user testing and planning group for wider industry. It is intended that data standards will be made available ahead of other standards, timed to coincide with publication of guidance on the staged connection timetable.

The Pensions Administration Standards Association (PASA) has published guidance on being connection ready for pensions dashboards, looking at the actual process for connecting to the dashboards ecosystem. It includes a timeline suggesting that it may take a scheme 18 months or more to achieve all the practical steps needed for connection readiness, and that there may be industry-wide capacity constraints that impact on this. The guidance was issued alongside a call to action outlining the top five actions schemes need to take now with regard to dashboards connection readiness.

Action

Trustees — and employers working with them — should continue with their preparations for pensions dashboards and speak to their consultant about the deadlines currently being discussed within the industry.

PPF Levies Confirmed for 2024/25

The Pension Protection Fund (PPF) has released its final levy rules for 2024/25. Invoicing is due to begin in autumn 2024.

The PPF is proceeding with the proposals in its September consultation (on which we reported in the November edition of In Sight). It expects to collect £100 million in levies in 2024/25, a 50% reduction from 2023/24. This means that almost all schemes are expected to see a reduction in their levy compared with 2023/24 — but there are exceptions, and there may still be actions that can be taken to reduce levies further.

The PPF has confirmed that the two changes it was considering will be going ahead:

1. The number of public credit rating agency providers will reduce from three to two — the PPF will continue to use Fitch and S&P, but will no longer use Moody's scores.
2. There will be some changes to the asset class guidance used for reporting schemes' asset splits in scheme returns — see page 10 for more details on changes to 2024 scheme returns.

The PPF says it is constrained by legislation from reducing the levy further. Those who responded to the consultation have called for legislative change to enable further reductions in future; the DWP is to consider the points raised and expects to legislate when parliamentary time allows.

Actions and next steps

The main deadline for submitting information to the PPF is midnight at the end of 31 March 2024. Trustees and employers should consider obtaining an estimate of their potential 2024/25 levies and think about any appropriate mitigating action.

News Round-Up

Proposals for Closing the Advice Gap

The FCA and HM Treasury are consulting on proposals about improving access to financial support, to help individuals make more informed investment and pensions decisions. This is part of the government and FCA joint Advice Guidance Boundary Review, which aims to close the gap between financial advice and other forms of support. The policy paper seeks views on three proposals for FCA-authorised firms, intended to address the so-called 'advice-gap'. Broadly, this is the gap between regulated financial advice that is unaffordable for many, and guidance that is free to access but not personal to the individual.

Chapter 7 is on specific considerations for trustees of DC schemes and asks how trustees feel the advice boundary restricts the support they want to give.

The consultation closes on 28 February 2024.

Government Responds on LDI Report

In June, the House of Commons' Work and Pensions Committee published its report on DB pensions with Liability Driven Investments (LDI), following its inquiry on the lessons to be learned from the gilt market volatility of Autumn 2022.

The Committee has now published the government's response, which addresses each of its ten recommendations — including:

- Regarding the Pensions Regulator (TPR) requiring trustees to report certain data on their use of LDI, TPR will use a range of data sources including new questions to be added to the scheme return.
- On TPR being given a remit to take account of financial stability considerations, the Government wants TPR to be more connected within the financial stability ecosystem; with the DWP, TPR is exploring what additional skills and capabilities it may require to embed the consideration of financial stability in its work.
- On the recommendation that plans for a new DB scheme funding regime should be halted, the government confirms that the new scheme funding regulations will be laid in 'due course' (see page 7) and accompanied by a full impact assessment considering the interactions of the regulations with the wider macroeconomic environment.

The government's response notes that much work has already been done by the DWP, HM Treasury, TPR and the FCA to understand causes and take steps to build resilience for the future, and that this work will continue — taking account of the evidence provided to the Committee and the recommendations in its report.

On the Horizon

Here are some key future developments likely to affect pensions:

Early 2024

- DWP consultation expected on proposals to extend automatic enrolment eligibility and benefits.
- DWP consultation expected on whole-life multi-employer collective defined contribution (CDC) schemes.
- Government consultation expected on DB options including changes to surplus refund rules.

March 2024

- The Regulator's general code of practice is expected to come into force.

April 2024

- The triple lock will apply: the basic State Pension and new State Pension will increase by 8.5%, in line with average earnings growth.
- Lifetime allowance due to be abolished (lifetime allowance charge has already been removed).
- Low earners in net pay schemes will earn top-up payments (payable from 2026/27).
- Authorised surplus payments charge will be reduced from 35% to 25%.
- Scheme funding regulations expected to be in force by April and apply to valuations with effective dates from autumn 2024.

Spring 2024

- The FCA will consult on detailed rules for a new value for money (VFM) framework for contract-based workplace DC pensions.
- Industry group on small DC pots is expected to provide an interim update to government in spring / summer.

2024

- DWP guidance on dashboards staging timetable expected.
- TPR intends to publish interim guidance on DC decumulation.
- Extension of notifiable events framework still awaited.
- Revised code of practice on scheme funding expected to be laid, to apply to valuations with effective dates from autumn 2024.

31 October 2026

- Backstop connection deadline for pensions dashboards (but individual scheme target dates are expected to be earlier).

Training and Events

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

All London seminars will take place at The Aon Centre.

For further details, you can find a copy of our training brochure and book our courses online at: www.aon.com/pensionstraining.

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

Pensions Training Courses	Dates
Defined Benefit — Part 1	20 March 2024 (London) 5 June 2024 (London) 3 September and 4 September 2024 (Webinar, a.m.) 6 November 2024 (London)
Defined Benefit — Part 2	27 February and 28 February 2024 (Webinar, a.m.) 23 April 2024 (London) 17 July 2024 (London) 8 October and 9 October 2024 (Webinar, a.m.) 11 December 2024 (London)
Defined Contribution	6 March 2024 (London) 16 October 2024 (London)
Pension Governance Committee	21 May 2024 (Webinar, a.m.) 26 November 2024 (London, a.m.)
Aon Pensions Conference 2024	**Dates**
Complexity to Clarity **A Time of Transformation** Register for your place here.	20 February (Leeds) 27 February (Bristol) 5 March (Edinburgh) 12 March (Manchester) 19 March (London) 26 March (Birmingham)

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.

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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.

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