

Pension News Update (March 2021)

Budget 2021

1. On 3 March 2021, the Chancellor of the Exchequer, Rishi Sunak, delivered his second Budget in House of Commons. There were no major changes in relation to pensions. However, the Lifetime Allowance is going to be maintained at £1,073,100 until the 2025-2026 tax year.
2. The Chancellor also announced the government will consult on whether certain costs within the DC charge cap affect pension schemes' ability to invest in a broader range of assets. DWP will also consult on draft regulations to make it easier for pension schemes to take up broad investment opportunities, by smoothing certain performance fees over a multi-year period.

Pension Schemes Act 2021

3. The Pension Schemes Act received Royal Assent on 11 February 2021.
4. The Act sets out legislation covering the following areas:
5. **Collective money purchase schemes (CMPS)** – the framework for Collective money purchase schemes (CMPS) or Collective Defined Contribution (CDC) schemes, resembling the one put in place for master trusts.
6. **Pension Dashboards** – provisions for the delivery of pension dashboards.
7. **New powers for TPR** – including the introduction of: new criminal offences and new civil penalties.
8. **New DB funding and investment strategy** – requirements for DB schemes, supported by an updated TPR Code of Practice (see article above), to:
 - 8.1. Produce a funding and investment strategy. Once completed, a 'statement of strategy' must be prepared and signed by the chair of trustees and submitted to TPR periodically.
 - 8.2. Send a copy of an actuarial valuation to TPR as soon as reasonably practicable after receipt, along with such other information as may be prescribed in regulations, aiming to strengthen its information gathering power further.
9. **Changes to statutory transfers** – Restrictions on members' statutory transfer rights unless prescribed conditions are met.
10. **New climate change governance and disclosure requirements.**
11. The government has set out a timetable for progressing the various regulations needed to implement various provisions in the Act. Therefore, we can expect draft regulations to be made available as the year progresses.

Pension Dashboards update

12. In December 2020 the Pensions Dashboards Programme (PDP), which is responsible for designing and implementing the dashboard ecosystem, published its data standards guide setting out an initial version of the information which will be required to allow an individual to find and view their pensions information through their chosen pensions dashboard.
13. The data itself is divided into two broad types:

- 13.1. **Find data** – This is the data necessary to be able to identify and match individuals to the pensions they hold. This data includes such data as a person's first name and surname, date of birth, address and national insurance number.
- 13.2. **View data** – this is the data that the pension provider will display to the user and includes a person's pension arrangement and the name of the pension provider. View data also includes estimated retirement income (ERI) and the date payable for each pension, as well as the current value of a person's DC pension pot.
- 14. On 18 February 2021, PDP launched the call for input on the identity approach from data providers following the market engagement exercise they undertook with identity providers in December 2020. PDP plans to verify the approach with data providers to understand the level of assurance they will require to release data to the individuals. The Call for Input closes on 19 March 2021.
- 15. Based on current timelines dashboards will be ready to be offered to consumers from 2023 although PDP have stated it is an indicative timeline that will be further refined during the next six months.