
PENSION NEWS UPDATE (APRIL 2022)

Executive Summary

1. The purpose of this report is to provide a brief update to the **Pensions/Management Committee** on the most significant recent developments in pensions and the headline items relating to these. The report covers developments in recent months and, in the interests of brevity, does not cover the items in comprehensive detail.

DWP consultation on facilitating investment in illiquid assets

2. On 30 March 2022 the Department for Work and Pensions (DWP) published a consultation seeking views on proposals and draft regulations to improve the accessibility of illiquid assets for DC pension scheme investment.
3. This consultation includes:
 - 3.1. The government's response to the earlier 'Enabling Investment in Productive Finance' (charge cap reform) consultation;
 - 3.2. A policy consultation on disclose and explain proposals to enable illiquid investments;
 - 3.3. A consultation on draft regulations on employer related investments; and
 - 3.4. The government's response to a call for evidence 'Future of the defined contribution pension market: the case for greater consolidation'.
4. The DWP proposes to:
 - 4.1. Amend the Statement of Investment Principles (SIP) requirements to ensure that relevant DC schemes disclose and explain their policies on illiquid investments;
 - 4.2. Introduce regulations that require relevant DC schemes with over £100 million in total assets to publicly disclose and explain their default asset class allocation in the annual Chair's Statement;
 - 4.3. Amend the current restrictions on employer-related investment for master trusts with 500 or more participating employers; and
 - 4.4. Not introduce any new regulatory requirements with the sole purpose of consolidating the DC market but will work with the Pensions Regulator (TPR) to monitor the impact of the value for members' assessment produced this year.
5. The IWDC Section of the RPS is a relevant DC schemes with over £100 million of assets and would be subject to the first and second of these proposed requirements.
6. The consultation closes on 11 May 2022

Pension news from Spring Statement

7. On 23 March 2022, Chancellor Rishi Sunak delivered his Spring Statement. While there were no new announcements directly relating to pension scheme benefits, the following announcements are worth noting:
 - 7.1. The National Insurance threshold – the point at which people start paying National Insurance – will be increased from £9,568 to £12,570 from July 2022 (it is already due to increase to £9,880 from 6 April 2022). However, the government did not make any changes to the planned 1.25% increase in the rate of National Insurance which will take effect from 6 April.
 - 7.2. The basic rate of income tax will be reduced from 20% to 19% from April 2024.
8. In addition, the government has confirmed that the triple lock commitment to the State Pension will be honoured in the future, having been temporarily suspended for the 2022/23 tax year.