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# PENSION NEWS UPDATE (FEBRUARY 2022)

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## Stronger Nudge to pensions guidance

1. On 17 January 2022, the Department for Work and Pensions (DWP) published its response, together with final regulations, on proposals to implement a “Stronger Nudge” to pensions guidance.
2. Under the regulations, schemes will be required to deliver a Stronger Nudge to guidance in relation to applications (or communications in relation to applications) to transfer or start receiving “flexible benefits” (broadly DC benefits). The new regulations will broadly require trustees and managers to:
  - 2.1. Refer the beneficiary to appropriate Pension Wise guidance and explain its nature and purpose;
  - 2.2. Facilitate a guidance appointment for the beneficiary, including offering to book the appointment and, where that offer is accepted, taking reasonable steps to do so;
  - 2.3. Where the beneficiary does not accept that offer, or where it is not possible to book a suitable appointment for them, the beneficiary must be provided with details of how to book a pensions guidance appointment;
  - 2.4. Explain to the beneficiary that their application cannot proceed unless they have received the guidance and notified the scheme of its receipt, or opted out of doing so; and
  - 2.5. Explain to the beneficiary that they can only opt out of receiving the guidance by giving an opt-out notification.
3. There are certain circumstances where the nudge to guidance is not required, including transfers for members under age 50 or if the individual has had certain financial advice/guidance in the last 12 months.
4. Despite requests in our response to the earlier consultation, there are no exemptions for defined contribution AVCs associated with defined benefit schemes. Therefore, members taking payment of BRASS or AVC Extra funds will fall under these requirements.
5. The regulations are due to come into force on 1 June 2022 and apply to applications (or communications in relation to applications) received on or after that date.

## Draft Pensions Dashboards Regulations 2022

6. On 31 January 2022, DWP published a consultation and draft regulations relating to the creation of pensions dashboards. The consultation and draft regulations cover the criteria to be met by a provider of “qualifying pensions dashboard service” (QPDS) and the requirements to be met by UK occupational pension schemes for dashboards, including by when. There are also draft provisions for the Pensions Regulator (TPR) to take enforcement action.
7. The Regulations set out:
  - 7.1. The requirements to be met by pensions dashboards services in order to be a QPDS.
  - 7.2. The requirements on schemes to cooperate with and connect to the dashboard digital architecture, and the data they must provide to individuals via the Money and Pensions Service (MaPS) dashboard or a QPDS; and

- 7.3. The powers which would be available for TPR to issue notices and penalties in the event of non-compliance with the requirements set out in the regulations. This could include penalties of up to £5,000 to individuals and up to £50,000 in other cases, for any instance of non-compliance.
- 8. As previously announced, DWP is proposing the following staged approach to compliance with the new requirements:
  - 8.1. Large schemes (1000 or more active or deferred members) – a staging period from April 2023 to September 2024. Master trusts, personal and stakeholder schemes are expected to be among the first to connect, followed by DC schemes used for automatic enrolment.
  - 8.2. Medium schemes (100 to 999 active or deferred members) – October 2024 to October 2025.
  - 8.3. Small and micro schemes (not in the draft Regulations but expected to stage from 2026).
- 9. The consultation closes on 13 March 2022. A response from RPTCL/Railpen will be submitted.