Compass

Autumn 2021

Commentary on legislative and regulatory developments in pensions and employee benefits

Contents

Government changes the state pension triple lock

The **Social Security Uprating of Benefits Bill** changes the way that the basic state pension and the new single tier state pension will increase for the 2022/23 tax year.

Largely touted as a temporary suspension of the triple lock, the Bill sets aside one element of the triple lock so that a double lock will instead apply for next year only. The state pensions will increase from April 2022 by the greater of 2.5% or inflation.

The earnings increase measure has been temporarily set aside, because of rocketing earnings inflation caused by wage anomalies following the pandemic. Earnings inflation has been estimated to be around 8%.

The Department for Work and Pensions explains the rationale for this change in its **press release.**

National Insurance Contributions to rise to pay for social care costs

The Government has announced plans to increase funding for health and social care over the next three years and the cost of this is to be met by a new Health and Social Care Levy. Details were provided in a **statement** to the House and a new **Health and Social Care Levy Bill 2021/22** has been introduced to Parliament.

The Levy is to be based on National Insurance contributions (NICs). In 2022/23 only, the Levy will be collected by increasing the current rates of National Insurance Contributions (NICs) by 1.25 per cent. This will impact employees, employers and the self-employed who pay NICs.

From April 2023 the Levy will be legislatively separate and appear separately on payslips. From this point, it will also apply to individuals working above State Pension age, who are not liable to pay NICs on their earnings at present. The Government also plans to increase the rates of income tax that apply to income from dividends, to help to fund these plans.

This increase to NICs could make salary sacrifice schemes which employers offer for pension contributions and other benefits even more attractive.

Consolidation and value for members in DC schemes – next steps

The Government's policy drive to improve the value for money for members of defined contribution (DC) occupational pension schemes is moving forward. It has responded on **past consultations** and published **statutory guidance** on how to undertake annual value for members' assessments and reporting on net investment returns.

The Government has also published **revised statutory guidance** on reporting costs, charges and other information. At the time of writing, the **draft Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations** are awaiting Parliamentary approval. These reforms will start to take effect from 1 October 2021.

Net investment returns – new reporting in Chairs' Statements

Legislation should shortly confirm that trustees of all DC schemes that have to produce a Chair's Statement will have to report on net investment returns for scheme years ending after 1 October 2021. Net investment returns will be calculated after deduction of any charges or transaction costs. The reporting must cover not only the default fund arrangements but also every other fund that has assets in it and that members were able to select. As already is usual for charges, this information must be published on a publicly available website.

The benefit of including net returns in the Chair's Statement is that the focus of attention moves away from purely cost issues towards a more complete picture of the value of investments. This will be facilitated by information dating back at least five years (where possible) or to the start of the scheme. It will also allow comparison and benchmarking of different schemes' performance.

Value for members' assessments

Where a DC scheme or a DC section of a larger scheme has been operating for more than three years and has assets of less than £100 million then it will be required to undertake a value for members' assessment. This must be done for the first scheme year that ends after 31 December 2021. Schemes with both a defined benefit and a DC section will only need to assess the DC section. An assessment will not be required if trustees have informed the Pensions Regulator before the Chair's Statement deadline date that the scheme is winding up.

Trustees will consider the performance of their scheme against at least three other larger schemes in the market with assets of more than £100 million. They will need to look at cost and charges, net investment returns and, finally, overall administration and governance. When looking at the administration and governance they will have to consider qualitative issues (such as the quality of communications and trustees' governance) as well as more quantitative ones (such as the processing of core financial transactions and the accuracy of records).

In selecting the three other schemes to be comparators, the statutory guidance makes it clear that the trustees should have a clear rationale and should include a different type of DC scheme, where possible. The trustees must 'have had discussions' with one of the schemes chosen as a comparator about a potential transfer of members' rights if the scheme under assessment were to be wound up.

The aim of the assessment is for trustees to demonstrate that their scheme is achieving value for members. Where schemes do not demonstrate value, then trustees must either work to rapidly improve their scheme, or otherwise they should take immediate steps to consolidate their membership into a larger scheme and so wind up their own scheme. They will be required to report their proposed approach to the Pensions Regulator.

Measuring performance fees

The Government wants to give trustees more confidence in investing in a wider range of illiquid investments and so focused on rules that may discriminate against the kind of performance fees commonly used in that sector.

Accordingly, amending regulations will provide that when measuring the charges imposed on an investment with a performance fee payable at the end of an investment period then averaging can be used. Basically, the annual charge may be measured by calculating the annual average of all the performance fees charged over the current year and up to the four preceding charge years.

This prevents a distorted picture being arrived at if the performance fee is high at the end of one year only. When trustees do use this averaging of the charge then they must also calculate the investment return earned by the relevant assets during the charge year and the fee that accrued for that return.

Revised Statutory Guidance

The Government has amended the **Statutory Guidance** for the reporting of costs, charges and other information which is to apply from October 2021. It now covers a number of fine points of detail, including the use of median pot size in illustrations, clarity that all types of defaults should be identified, that schemes can choose not to consider decumulation aspects in the production of illustrations; and that trustees do not need to publish a signed version of scheme documents.

Statement of investment principles (SIP) – clarification of points

Wholly insured schemes trustees will be exempt from the SIP requirement to state policies about asset managers (as these matters rest entirely with the insurers). Any DC scheme that promises members a certain pension, like with profits policies, will be required to produce a default SIP after the end of three months beginning with the scheme year first ending after 1 October 2021 (or 1 April 2022 if later).

Further consolidation to follow?

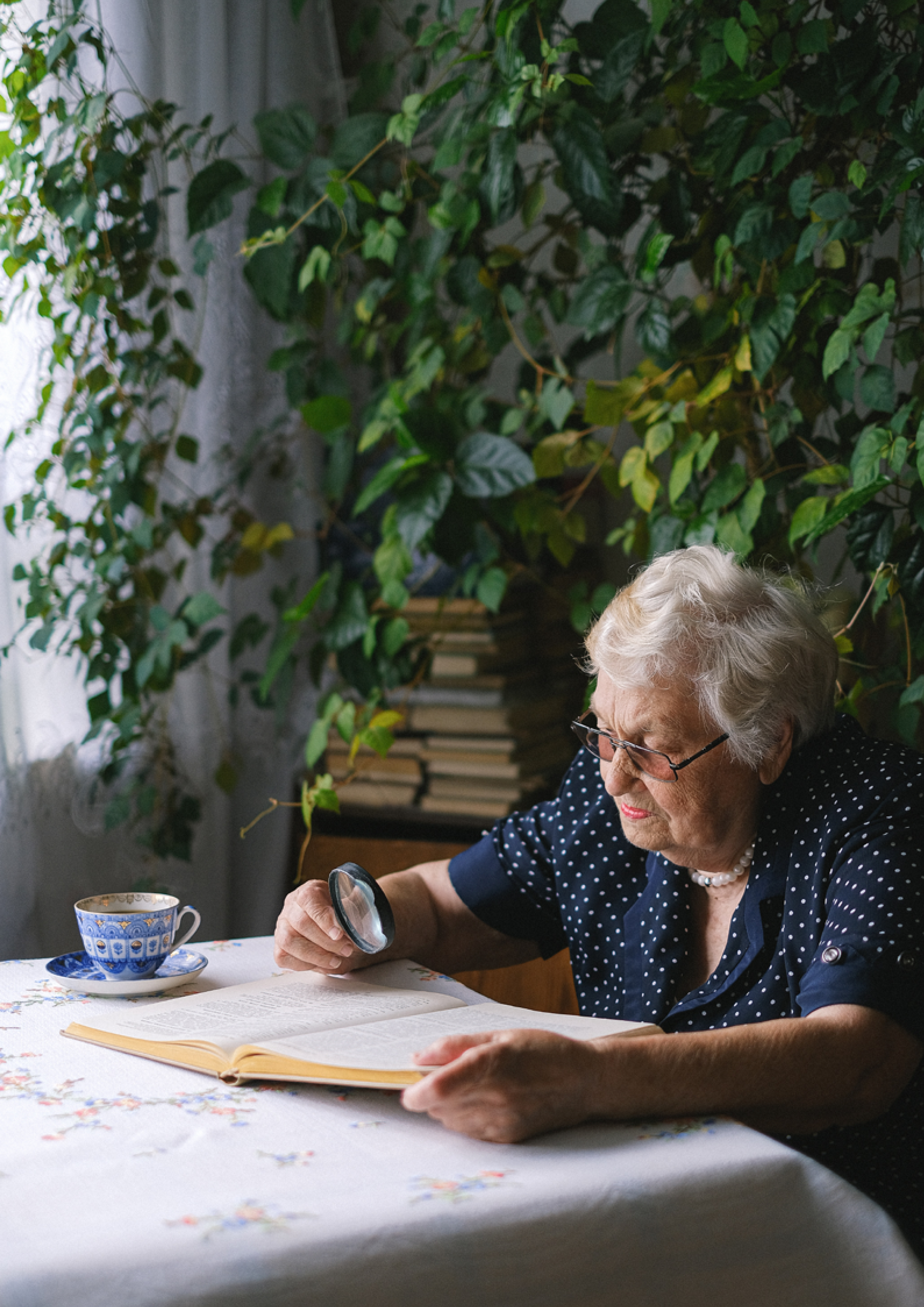
Separate to these reforms but very much linked, the Government also published a further **Call for Evidence** on 21 June about the future of the DC pension market and the case for greater consolidation. It is clear that introducing the comparison requirement on schemes of less than £100 million is only an initial first step. The Minister is seeking to gather evidence on the barriers and opportunities for greater consolidation of schemes with between £100 million and £5 billion in assets.

The deadline for responses was 31 July and a number of industry bodies made representations. One often expressed view is that better retirement outcomes for members should be the objective rather than consolidation for its own sake. One of the most important factors for good schemes is maintaining the employer link and support. There is also the case that DC schemes are still growing, and more contributions are accumulating so that they should be allowed more time to evolve to a large size rather than being forced to consolidate early.

Capita comment

The Government's message to trustees is very much 'shape up or ship out', i.e., wind up. We think that trustees of DC schemes need to look carefully at their arrangements and discuss them with the sponsoring employer. Many schemes with less than £100 million will remain good value and should aim to demonstrate that. For those that struggle, professional advice on the most appropriate next steps will be crucial. At least the reforms mean that more attention will be paid to investment returns as well as costs and also governance quality as well as quantity.

Trustees of DC schemes should contact their regular Capita contact to see how best to adapt to these reforms. A Spotlight on the changes is also available.



GMP equalisation for past transfers

The GMP equalisation working group, chaired by the Pensions Administration Standards Association (PASA), has published **guidance** on how schemes might address GMP equalisation for past transfers. This guidance is in addition to the initial methodology guidance issued in 2019 and reflects the November 2020 High Court judgment which ruled that the trustees of the Lloyds Bank pension schemes were required to equalise GMPs in past transfers.

The guidance aims to help schemes identify a pragmatic approach to such an exercise by looking at the considerations for both transferring and receiving schemes.

Transferring schemes

The guidance outlines the key steps which need to be taken to correct historical transfers and highlights the practical issues that trustees may face. Issues may include insufficient data to review a case, not knowing how the transfer was calculated or being unable to locate a member or receiving scheme.

Where a lack of records mean that accurate top-up payments cannot be calculated, transferring schemes will need to take advice on how to proceed. A possible solution would be to estimate a top-up payment using assumptions which are a reasonable estimate of the transfer value basis which might have applied at the time.

Discharging top-up payments/settlement offers

Although the assumption is that the top-up will be paid to the receiving scheme, this will not always be possible if, for example, the receiving scheme no longer exists, or the member is no longer a member of the original receiving scheme. In these scenarios the transferring scheme may choose to make the payment directly to the member or retain the top-up until the member provides details of another pension arrangement prepared to accept the top-up. If the top-up is paid directly to the member, consideration needs to be given as to the tax treatment.

Receiving schemes

Defined benefit (DB) receiving schemes

The trustees of a DB scheme will need to decide:

1. whether to equalise the benefits granted in respect of the original transfer value, and

2. whether they will accept a top-up payment if approached by a transferring scheme.

Adjusting benefits granted from a transfer-in as part of a wider GMP equalisation project could be more administratively efficient and easier to communicate to members. It may not always be possible to determine which element of a transfer credit relates to the equalisation period and so the guidance suggests schemes could consider an approach which treats the total transfer credit as if it relates to benefits earned in the receiving scheme.

There is no legal obligation on the receiving scheme to accept a top-up and so trustees will need to determine whether they are willing to accept it and if so, what they should do with it. It was suggested in the Lloyds judgment that a scheme could keep the top-up and not adjust the benefits awarded to the member provided it had equalised the benefits awarded as a result of the transfer-in. This may be beneficial if a scheme had already completed their GMP equalisation exercise.

Defined contribution (DC) receiving schemes

It is expected that most trustees and managers of DC schemes who are approached by a transferring scheme looking to pay a top-up will be prepared to accept this provided the member consents. However, some schemes may decide to set a minimum level of top-up payment they are willing to accept.

Bulk transfers

In the 2020 Lloyds hearing, the judge held that there is no obligation on a transferring scheme to top up a bulk transfer made on mirror-image terms. However, not all bulk transfers would have taken place on a mirror-image basis. Transferred members may have been granted service credits based on the receiving scheme’s benefit structure in which case specific advice should be taken.

Schemes might also want to review any legal agreements entered into on a scheme merger or as part of a business sale. These could contain indemnities which may, subject to any time limits, cover some or all of the additional liabilities and costs which arise as a result of implementing GMP equalisation.

Capita comment

The judgment in 2020 created additional complexities for trustees already navigating a GMP equalisation exercise and so additional guidance is undoubtedly welcomed. It offers potential solutions to some of the challenges faced by schemes in terms of the practicalities of data gathering, calculating whether a top-up is due and discharging the liability.

The guidance will hopefully go some way to help schemes progress with confidence and pragmatism. However, trustees should continue to seek specialist guidance where they are unsure of issues relating to their individual schemes.

Capita has published a Spotlight which looks at the guidance in further detail. Please speak to your usual Capita contact for a copy.

Government to push pensions guidance

The Department for Work and Pensions (DWP) published a consultation, 'Stronger nudge to pensions guidance,' aimed at improving Pension Wise take-up.

The consultation, which has now closed, sought views on draft regulations which would require occupational pension scheme members and survivors with 'flexible' pension savings to be nudged to obtain appropriate pensions guidance when they seek to transfer or access their pension savings. Appropriate guidance would need to be obtained ahead of taking or transferring benefits unless members specifically choose to opt out of receiving this guidance.

Occupational pension schemes that fall within scope (generally schemes which can provide flexible benefits), will need to facilitate the booking of the guidance appointment.

Who will receive the nudge and when?

The intention is that the 'stronger nudge' will be provided to members and survivors over age 50, who are accessing their flexible benefits either directly in the scheme or in another to which they are transferring. The requirement to deliver the stronger nudge will rest with the ceding, rather than the receiving, scheme for transfer cases. Under the proposals, there will be certain exemptions including where:

- a transfer is for the sole purpose of consolidating pension savings
- the transfer is to a scheme which does not provide flexible benefits, for example, a DB scheme
- a member has already received pensions guidance or financial advice in the 12 months preceding the application.
- a member is applying for a serious ill health lump sum.

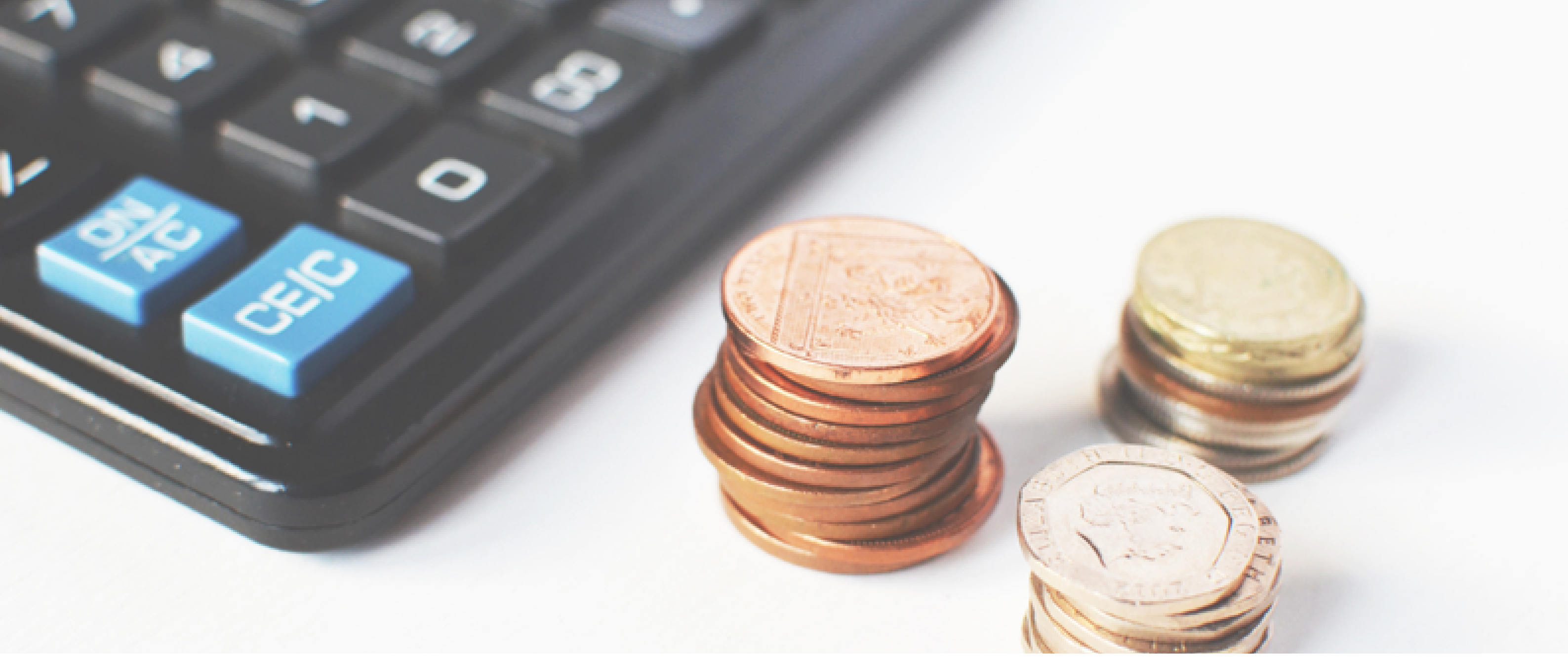
The aim is that the 'stronger nudge' should be delivered when an application to access or transfer flexible benefits is received. Schemes that are in scope need to ensure they have received confirmation of attendance at a Pension Wise appointment, or an opt-out notification, before proceeding with the application process. There is no definition in the draft regulations for what constitutes an application, however, the consultation does make it clear that the Government wants this to occur as early as practical within the process and ideally before members have made a final decision.

Who books the Pension Wise appointment?

Schemes will have to offer to book a pensions guidance appointment for members. Where members take up this offer, the appointment must be booked for them. How this is achieved may depend on how members contact their schemes as appointments can be booked over the phone, online or via post. These details will also need to be given to members in case they want to make the appointment themselves.

Opting out of pensions guidance

Opting out of receiving pensions guidance will need to be an active choice. As a result, the draft regulations would require the opt-out process to be a separate, active communication from the member (which could be a phone call, email, letter, postal form, or digital form), unless of course an exemption applies. Where a member contacts the scheme again after having been nudged but has not yet opted out of receiving appropriate pensions guidance and does not state they have received appropriate pensions guidance, then the scheme will have to offer to book a Pension Wise appointment again and reiterate that if a member wishes to opt out they will need to do so in a separate interaction.



It will not be possible to proceed with a retirement or transfer application for members in scope of the stronger nudge until the member has received pensions guidance or opted out. The consultation sets out that trustees should not take any action to progress the application until they receive confirmation that the member has received guidance or an opt-out notification is given.

The Government envisages no further application forms or quotations being provided but that general information can be given.

Will there be any new record keeping requirements?

The regulations as currently drafted would impose further record-keeping requirements for schemes in scope.

Capita comment

It is understandable that the Government is concerned about low pensions guidance take-up given that members' DC retirement choices are irreversible and can have drastic financial consequences if they have not been considered. However, capacity issues are still a concern for us as it is unclear whether the Government has considered whether Pension Wise will be adequately staffed to deal with the influx of new appointments brought about by these draft regulations and also the pension scam piece. Complaints will arise if members face serious delays in accessing their benefits due to this process and if members are unable to access an appointment promptly, they will no doubt opt out which is counterproductive to the intent.

It is our view that the prompt to pensions guidance is actually too late. This is because research conducted ahead of the consultation showed that most individuals had already decided on an option before they contacted Pension Wise and the appointment did not change their course of action. Therefore, it is our view that a more beneficial approach would be an earlier referral – a mid-life or later-life MOT.

Although it is not directly confirmed, we expect that these changes are likely to come into force from 6 April 2022 (as this was the provisional date on the draft regulations). This would not give schemes and providers very long to prepare, particularly since the draft regulations would require system changes for record keeping, processing changes for retirement and transfer cases and new communications, as well as amendments to existing communications.

Spotlight 2021/14 is available from your usual Capita contact should you wish to discuss the potential implications of this for your scheme.

Increase to the Normal Minimum Pension Age

The Government has published a consultation response and draft legislation for the planned increase to Normal Minimum Pension Age (NMPA).

The original **consultation** published in February 2021 set out the Government's intention to increase the NMPA from age 55 to age 57 from 6 April 2028. The NMPA is the minimum age that pension savings can usually be accessed, other than in ill health, without triggering penal tax charges on both the individual and the scheme. This is the second increase to the NMPA since it was introduced; it was initially set at age 50 in April 2006 but rose to age 55 in April 2010.

The Government has confirmed it will carve out certain members of the armed forces, police and fire services pension schemes from the increase to NMPA.

Protected pension ages

The change to the NMPA will apply to scheme members unless they benefit from a protected pension age. The Government intends to introduce a protection regime for the rise in the NMPA for all types of registered pension schemes. Under this regime, if members have an 'unqualified right' under their scheme rules as of 11 February 2021 to take benefits at an age below 57 they will have a protected pension age and therefore will be protected from the increase and be able to take benefits at that younger age. This protection applies to all benefits in that scheme, even benefits built up after 2028.

To help individuals prepare for the change, the Government also proposes to introduce a window for new joiners so that anyone who joins a pension scheme by 5 April 2023, where the scheme rules on 11 February 2021 already conferred an unqualified right to take pension benefits below age 57, will be able to maintain that lower protected pension age. There will be no need to apply to HMRC for a protected pension age.

Previous protected pension ages, including those which were introduced when the NMPA last increased from 50 to 55, will be unaffected.

Differences in the protection regimes

Interestingly, the existing requirements that all benefits must crystallise at the same time and that the member must have ceased work with the employer to pay benefits before the age of 55 will not be carried across to the 2028 protection regime but will remain for the 2010 protection regime.

In addition, the Government has confirmed in the consultation response that, under the 2028 protection regime, members will retain their protected pension age of 55 following both a block or individual transfer to another pension provider. The inclusion of individual transfers is another departure from the 2010 protection regime where a block transfer is needed to retain a protected pension age.

The Government will also remove the one-year membership condition for block transfers for the 2028 protection regime which will simplify matters, particularly for members who may already have savings in master trusts. It is envisaged that benefits with a protected pension age on transfer will be ringfenced in the receiving scheme as the protection only applies to the transferred-in rights.

Next steps

The increase to the NMPA from age 55 to 57 and the new protection framework is being introduced via the Finance Bill 2021/22.

HMRC will provide further guidance and examples for what is an ‘unqualified right’ to take benefits under the scheme rules.

Trustees and scheme managers may need to take advice on how NMPA is defined in their scheme rules. Similarly, any schemes undergoing bulk transfers may need to consider how NMPA is defined in the receiving scheme to understand how this will affect members’ rights on transfer.

The Government will also provide further advice on the proposed transitional arrangements in due course, for example, for those members without a protected NMPA who have reached age 55, but not age 57, by 6 April 2028 and who may have partially drawn some of their benefits.

The Government expects trustees and managers to notify members of the NMPA increase when it is practicable to do so and in any event in line with the usual disclosure of information requirements.

Capita comment

To make this change effective, it is vital that clear communications are issued to members in a timely manner so those who are affected can make the necessary adjustments to their retirement saving plans. Although 2028 seems like a long time away, early planning and communication by trustees and scheme managers will be key to smooth implementation of this change.

Tackling financial promotions through the Online Safety Bill

A **call for evidence** has been published to look at the draft **Online Safety Bill**. The Bill is set to establish a new regulatory framework to tackle harmful online content with Ofcom overseeing a proposed duty of care on the providers of these online services.

When the Bill was first published, there was heavy criticism of the Government due to the omission of powers to tackle online financial advertisements, particularly those paid for by potential scammers. This omission was particularly concerning given that it went against recommendations set out in a report published by the Work and Pensions Committee on pension scams and ran contrary to subsequent comments from the Financial Conduct Authority (FCA)'s chief executive officer, Nikhil Rathi.

Whilst the Government did not dismiss the need to legislate for greater online consumer protection in its **response** to the report, it instead wanted to defer consulting on regulations covering paid-for advertising until later in 2021.

The call for evidence on the provisions of the Bill has therefore been welcomed by many as it gives a chance for pensions and financial industry groups to again push for the FCA and other regulatory bodies to be given the necessary powers to potentially restrict financial promotions, including paid-for advertising, to those provided by regulated firms.

The deadline for written evidence is 16 September 2021 and recommendations are to be made to both Houses by 10 December 2021.

Public service pensions - cost control mechanism changes

The Government has published two consultations; one looking at the **discount rate methodology** and the other to reform the public service **cost control mechanism**.

The Superannuation Contributions Adjusted for Past Experience (SCAPE) is the process used to calculate employer contribution rates for unfunded public service pension schemes. The SCAPE methodology is reviewed every 10 years, which has prompted this latest consultation on the discount rate methodology. A key component of SCAPE is the discount rate which is used to express a scheme's future pension payments as a present-day cost.

The cost control mechanism is a process that is designed to ensure that taxpayers are protected from unforeseen costs in public service pension provision while maintaining a fair balance of risk between the Exchequer and scheme members. The review of the cost control mechanism followed concerns that the mechanism was not operating in line with its objectives, as it was expected that the mechanism would only be triggered by extraordinary or unpredictable events but it triggered at its first test.

At the heart of these consultations was the concept of promoting fair and stable pension provision for public sector workers and their employers while maintaining inter-generational fairness and risk control. The industry feedback so far suggests that to achieve these goals it would be more effective to change the way public service pensions increase rather than looking to the technical model used to set discount rates.

Bodies like the Association of Consulting Actuaries (ACA) have commented that because public service pensions are linked to inflation and not to future economic growth, it is almost inevitable that there will either be an overestimate or an underestimate of the true cost to taxpayers in paying these pensions. Therefore, changing the link to economic growth would mean that pensions keep pace with the economy. If the economy grows faster than anticipated, then so will public servants' pensions, but if the economy grows slower, then the rate of increases applied to pension will grow slower, too.

It has also been suggested that an economic check is built into the cost control mechanism, thereby reducing the chances of a recurrence of employer contribution rates increasing at the same time as the cost control mechanism triggers a benefit improvement. However, there were some calls that the discount rate that is used for unfunded public service schemes (which could be linked to UK GDP) should be different to that used for funded public service pension schemes as these schemes may invest outside of the UK so a discount rate that better reflects their overall asset allocation would be preferable.

The Government has also proposed changes to the cost control mechanism that would see a widening of the corridor for a benefit change to be triggered from 2% to 3% of pensionable pay, as well as removing any allowance for legacy schemes within the mechanism, so it only considers past and future service accrual in the reformed public service pension schemes.

Both consultations closed in August and the Government's response to these consultations is expected later this year.

Round up of recent pension news

Here we turn our attention to some other recent industry news.

Migrating from HMRC's 'Pension Schemes Online' service to the 'Managing Pension Schemes' service

HMRC has recently been contacting scheme trustees, managers and their authorised practitioners in advance of the migration from Pension Schemes Online to the new Managing Pension Schemes service, reminding them of the actions that currently need to be taken to ensure a smooth migration and no disruption to service.

The key action at the current time for trustees and managers, who are classed as the 'scheme administrators' in HMRC terms, is to enrol on the new Managing Pension Schemes service if they have not already done so. Further information on this process is available on HMRC's **website**.

HMRC has confirmed that from October 2021, following successful enrolment, scheme administrators will be able to view which of their pension schemes will be eligible for migration. Then, in Spring 2022, they will be able to provide up-to-date information on their pension schemes to complete the migration process.

It should be noted that if scheme administrators have not completed enrolment, then there will be disruption to the service and any existing authorised practitioners will not be able to act on their behalf. This first action is imperative as if it is not completed, it would mean that any appointed practitioner would be unable to submit Accounting For Tax returns or the annual Event Report.

In addition, HMRC is also contacting third party and in-house administrators who often act as authorised practitioners for scheme administrators, by completing the returns and reports on their behalf. The key action for existing practitioners at the current time is to complete their own enrolment process and to map all of their existing practitioner IDs to one master ID. Capita Pension Solutions is in the process of doing this and has been working closely with HMRC.

HMRC also confirmed in its recent **newsletter** that retirement annuity contracts and deferred annuity contracts can now be declared on the new Managing Pension Schemes Service and the existing functionality to do this on Pension Schemes Online has been turned off.

Amendments to mandatory Scheme Pays Deadlines

HMRC has published **draft legislation** which extends the mandatory Scheme Pays deadlines in circumstances where a member is notified of a retrospective change to his or her Annual Allowance position, which would result in an Annual Allowance charge but leave insufficient time to elect for Scheme Pays when he or she would otherwise have a statutory right to do so.

The proposed changes extend the deadlines by which a member must elect for mandatory Scheme Pays and by which the scheme administrator must then report and pay the tax charge to HMRC. The new deadlines will be based upon when the required information

becomes available to the member and scheme administrator respectively, rather than falling on set dates in the calendar.

Members will have to elect for mandatory Scheme Pays either within three months from being notified of the revised Annual Allowance position or six years from the end of the relevant tax year, whichever is earlier. The extended deadlines will only apply where members would otherwise struggle to meet the usual mandatory Scheme Pays deadline of 31 July in the year following the tax year in which the Annual Allowance charge arose. As a result, the extended deadlines will apply where members are notified by their scheme administrator of a change to their Annual Allowance position on or after 2 May in the year following the tax year in which the Annual Allowance was exceeded.

These changes are intended to help with the Government's planned remedy for addressing the age discrimination found in the 2015 public service pension reforms (the 'McCloud Case') which could lead to retrospective Annual Allowance charges for members impacted. However, they extend to all types of registered pension scheme and not just public service pension schemes.

The new measures are contained within the Finance Bill 2021/22 and are expected to come into effect from 6 April 2022 but will apply retrospectively from 6 April 2016.

Single Code of Practice consultation – Regulator gives interim response

The Pensions Regulator recently published **its interim response** to the new Code of Practice consultation. This confirmed that the Regulator had received more than 10,000 individual answers during the 10-week consultation on its proposed new Code.

Unsurprisingly, the Regulator needs a longer period of review and analysis to develop its policy position further. It may also expand the areas covered by the initial version of the Code to cover new content arising from the Pension Schemes Act 2021. Consequently, it does not have a firm final publication date for the new Code. In fact, it does not expect to lay the new Code before Parliament before spring 2022 and the Code is unlikely to become effective before summer 2022.

Pending the publication of a fuller response, its interim response clarifies some further points:

- It will not be proceeding with its indicated limit of 20% on assets that could be invested in unregulated markets. Instead, it will explore other options to help ensure that exposures to unregulated investments remain prudent.
- It recognises the concerns raised about the new requirement for schemes to undertake their own risk assessments and will look to identify appropriate guidance for smaller schemes.

PASA launches its Counter Fraud Guidance

The Pensions Administration Standards Association (PASA) has recently launched **Counter Fraud Guidance**. The guidance explains that since 2007, the cost of fraud has risen by over 50% and is estimated to cost the pensions sector over £6.17 billion a year. PASA's overall aim is to minimise the extent and cost of pensions fraud and to empower organisations to proactively counter both existing, and potential future, fraud threats in an environment which is seeing the evolution of fraud increase at a significant speed.

The new guidance highlights the different types of fraud which affect the pensions sector and provides a number of tactics which can be used to counter these, including case study examples. The guidance encourages organisations to focus their efforts to tackle fraud by:

- Complying with legal and regulatory duties
- Understanding the organisation's vulnerability to fraud
- Ensuring the organisation is resilient to fraud

The risk of fraud should be specifically examined as part of scheme governance processes. Scheme trustees and managers may need to work with their administrators to assess whether there are any weaknesses that need to be addressed.

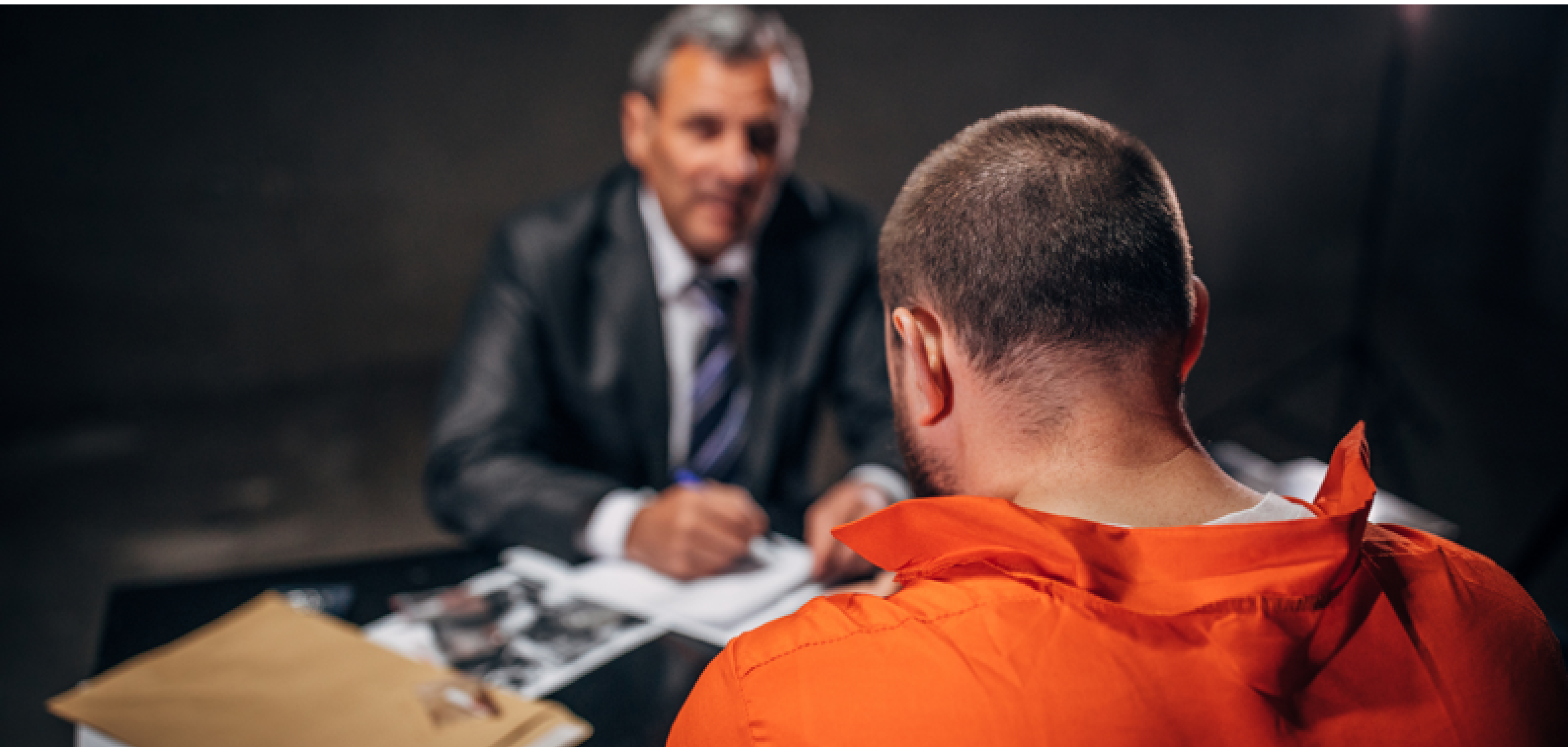
MaPs shelves legacy brands as part of its rebranding

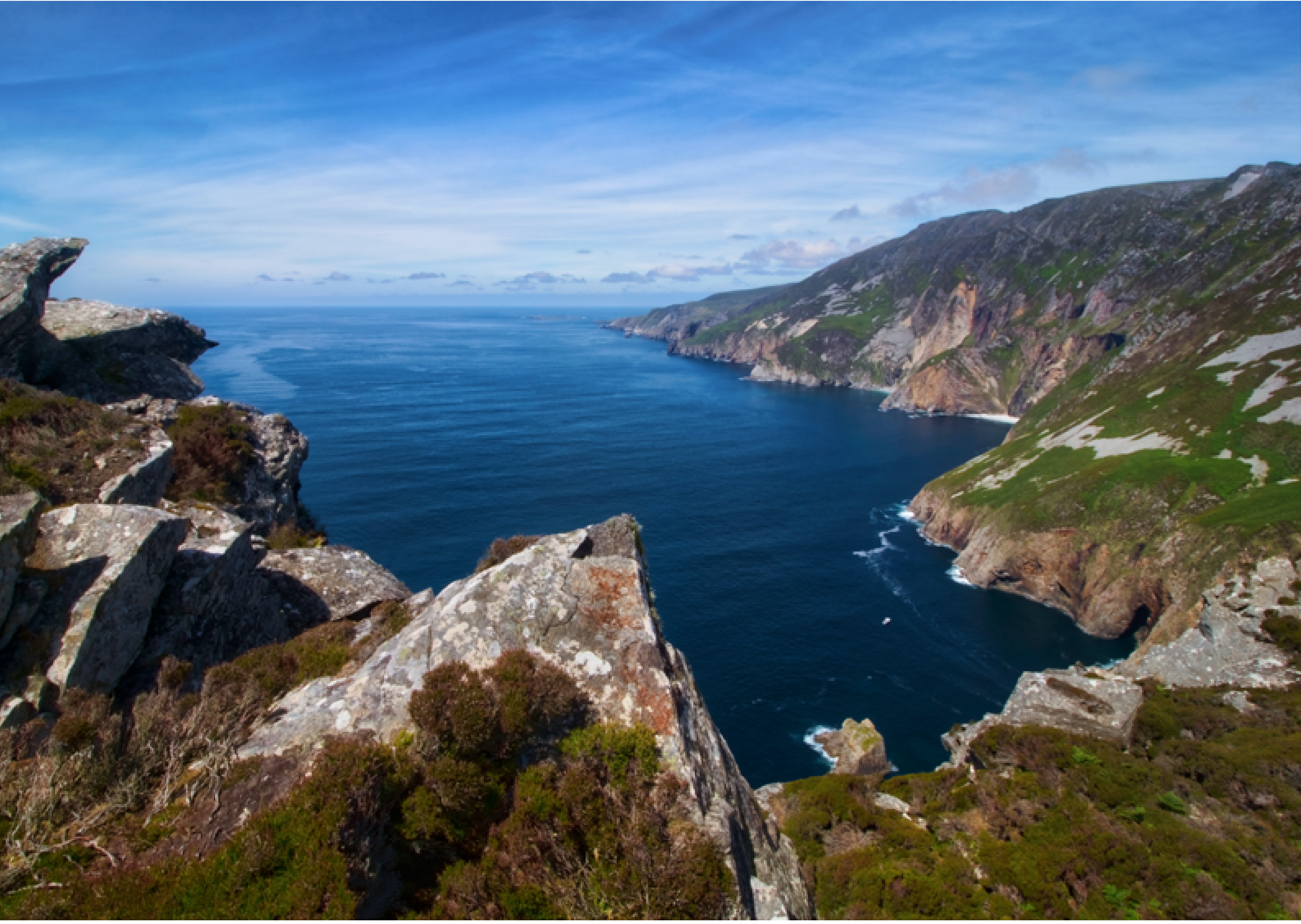
The Money and Pensions Service (MaPS) has recently been rebranded and will now be known as MoneyHelper.

Following its creation in 2019, MaPS initially brought together financial guidance, services and content under a single service. MaPS operated as three legacy consumer facing brands: the Money Advice Service (MAS), The Pensions Advisory Service (TPAS) and Pension Wise.

While MaPS will continue to operate as the corporate brand, MoneyHelper will be the new consumer facing brand. The Pension Wise brand will continue to be used alongside MoneyHelper but MAS and TPAS will cease to be used. It is believed that consolidating three brands into one will provide a 'better and enhanced consumer experience'. As part of this rebranding, a new MoneyHelper website has been created **(https://www.moneyhelper.org.uk/en).**

As a result of this rebranding, action may be required by trustees and their administrators to update any materials which previously referenced the 'old' MaPS brands and to instead signpost the new brand and new MoneyHelper website. This could include letters, scheme booklets, scheme websites and member portals.





Consultation on draft collective money purchase schemes regulations

The Department for Work and Pensions (DWP) published a **consultation** on new draft regulations to implement the new authorisation and supervision regime for Collective Money Purchase (CMP) pension schemes. The draft regulations set out what CMP schemes must do to become authorised, how to operate effectively in the market under regulatory oversight and what then happens if changes need to be made to these proposed schemes

The supervisory regime will require CMP schemes to continue to meet the authorisation criteria on an ongoing basis, and to work with the Pensions Regulator when changes need to be made.

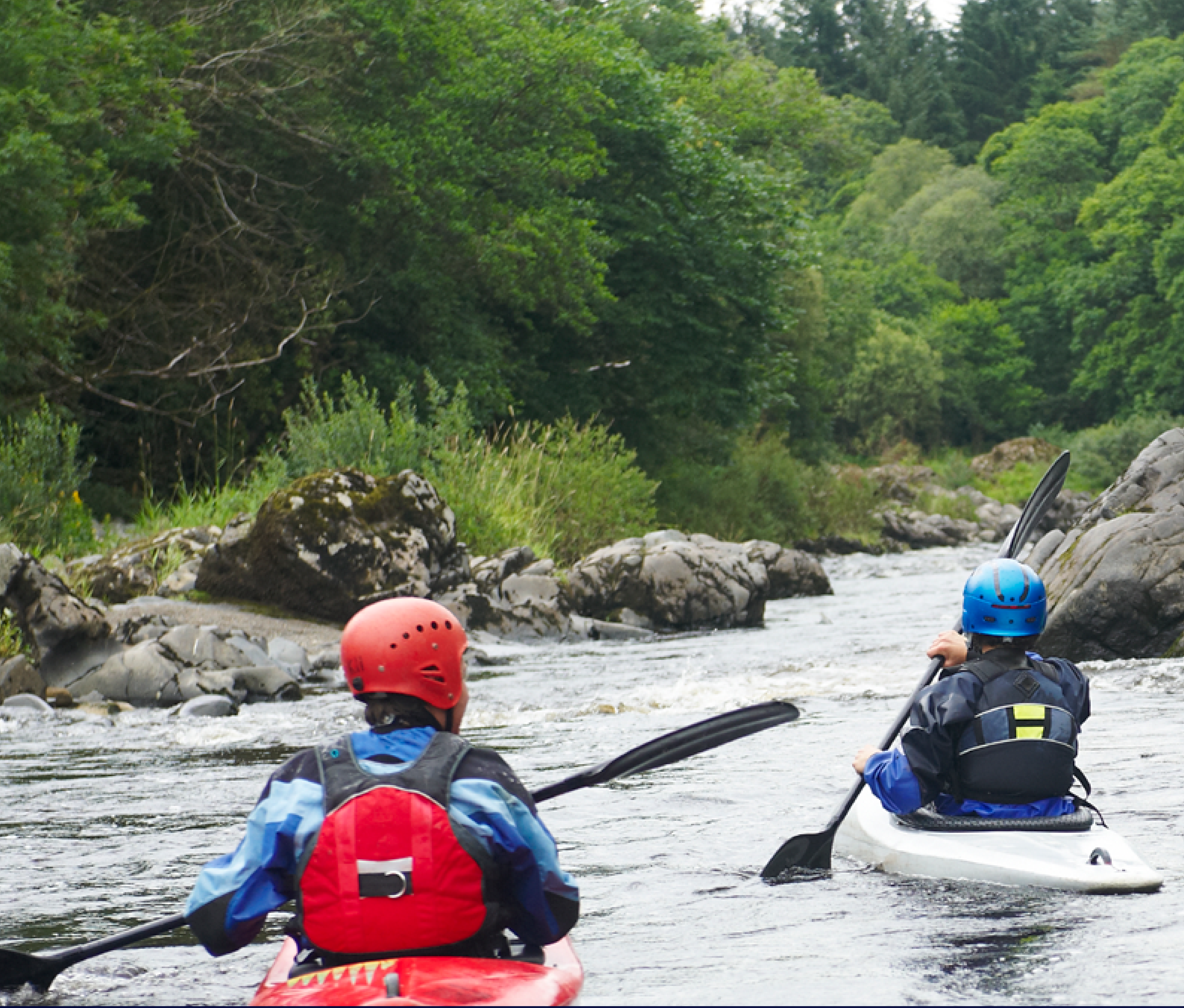
The consultation closed in August so the next steps will be a consultation response and final regulations.

Ireland – Consultation on draft Code of Practice on scheme governance

The Irish Pensions Authority has published a **draft Code of Practice** to provide guidance for trustees of occupational pension schemes and trust retirement annuity contracts (RACs).

The draft Code sets out the Pensions Authority's expectations of trustees and other regulated entities in relation to their conduct and practice while running a pension scheme to ensure compliance with Irish and European legislation. The purpose of the Code is to provide further explanation and, where necessary, to demonstrate how to comply with specific requirements but the code is not all encompassing so trustees may need to consider matters not covered within it. The Pensions Authority will monitor compliance with the requirements set out in the Code as part of its ongoing supervision.

The consultation closes on 16 September 2021 and the final Code is due to be published in November 2021.



Thank you for reading.

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