

Legal update

PLSA South East Group
One Day Seminar – Leeds Castle

Nicholas Laird, Counsel
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Agenda

- 1 The Spring Budget 2023 and tax issues
- 2 DB Scheme Funding Code
- 3 Pensions dashboards
- 4 TPR's guidance on equality, diversity and inclusion
- 5 On the horizon... bitesize updates

Spring Budget 2023 and tax issues

1

Lifetime Allowance **abolished** from April 2024, lifetime allowance charge **removed** from 6 April 2023.

2

Annual allowance increased from £40,000 to £60,000 and **money purchase annual allowance** increased from £4,000 to £10,000 from 6 April 2023.

3

Tapered annual allowance previously tapered down from £40,000 to £4,000. The minimum has been increased to £10,000 from 6 April 2023.

4

The **maximum PCLS** will stay at £268,275 and be frozen thereafter.

5

The Government will work to “unlock” **DC pension fund investment** and will expand the **midlife MOT tool** to support individuals.

Spring Budget 2023 and tax issues (cont.)

What is the significance of removing the lifetime allowance charge before the lifetime allowance is abolished?

How does abolition of the lifetime allowance affect members with protections?

What if the abolition of the lifetime allowance is reversed in the future?

Spring Budget 2023 and tax issues (cont.)

How will lump sums that were previously subject to a lifetime allowance charge be taxed?

Will scheme rules require amendment where benefits are currently capped by reference to the lifetime allowance?

Will excepted group life policies be redundant following the abolition of the lifetime allowance?

DB Scheme Funding Code

1

A new scheme funding target: **low dependency funding basis** and **low dependency investment allocation**.

2

The new **scheme funding document** and the importance of the **strength** of the **employer covenant**.

DB Scheme Funding Code (cont.)

The Statement of Strategy

Part 1: the scheme's FIS

Part 2: supplementary matters – includes:

1. The extent to which the FIS is being **successfully implemented**
2. The **risks** faced by the scheme in implementing the FIS
3. The **actuary's estimate** of the maturity of the scheme
4. The current level of **investment risk**

And more....

What are the **practical issues** relating to the FIS and Statement of Strategy?

DB Scheme Funding Code (cont.) - Other changes to scheme funding

- 1 Technical provisions
- 2 Actuarial valuation
- 3 Recovery plan
- 4 Multi-employer schemes
- 5 The Regulator's powers and the twin track regulatory approach

Pensions dashboards

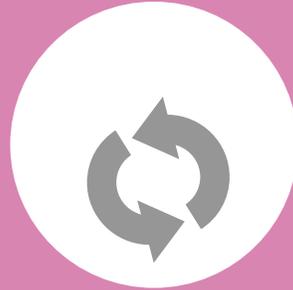


Pensions dashboards (cont.) – What will trustees be required to do?



Cooperation

Cooperate with MaPS to assist with the exercise of its functions in relation to pensions dashboards



Connection

Connect their scheme to MaPS during the connection window prior to the staging deadline that applies to their scheme



Information

Provide information to the pensions dashboard service provided by MaPS and to any qualifying pensions dashboard services (QPDSs)

Pensions dashboards (cont.) – Next steps

- > Familiarise yourselves with the proposals, in particular the likely staging deadline for the Scheme and the “view data” you will need to be ready to provide.
- > Assess the quality and completeness of the Scheme and Plan data in light of the proposed requirements.
- > Consider what steps will be needed to get ready to connect to MaPS and be in a position to respond to find and view requests within the required timescales.
- > tPR will be contacting schemes before their connection deadlines to check if they are “”dashboard ready””.



TPR's guidance on equality, diversity and inclusion



EDI supports robust discussion and effective decision-making and is an important consideration for schemes (including their sub-committees).



In March 2023, TPR published **guidance** for trustees and employers on **EDI**. The guidance explains what EDI is, why it is important for occupational pension schemes to improve EDI in their trustee boards, and how trustees and employers can do so.

The **EDI Guidance does not**:

- > override or limit any other relevant regulator publications relating to trustee boards.
- > outline legal requirements.

TPR's guidance on equality, diversity and inclusion (cont.)

The role of the chair



TPR's guidance on equality, diversity and inclusion (cont.) – policy and performance assessments

EDI Policy

The Regulator is not prescriptive as to what must be included in the EDI policy, however, suggestions include:

- > an agreed definition of EDI;
- > the EDI aims of the governing body; and
- > a plan for EDI training.

EDI Performance Assessment

In addition to maintaining an EDI policy, the Regulator also encourages trustees to include a review of EDI in performance assessments. This would involve:

- > setting EDI objectives and goals at the start of each scheme year;
- > assessing each trustee on their EDI performance; and
- > conducting annual reviews to discuss how successful the trustees have been in embedding EDI into their processes.

The Regulator has emphasised the importance of honest communication and feedback

TPR's guidance on equality, diversity and inclusion (cont.)

- ✓ Enhancing board diversity and making reasonable adjustments
- ✓ Solving inclusion problems
- ✓ What does the guidance mean for trustees?

“Improving EDI starts with an assessment of your governing body's **diversity** of characteristics, life **experiences**, expertise and **skills**”

On the horizon... Bitesize updates

Subject	Changes	Next key date
Pensions (Extension of Automatic Enrolment) (No.2) Bill (the “ Bill ”)	<p>The Bill has been introduced to Parliament. It will amend the Pensions Act 2008 to give regulation making powers to the Secretary of State to:</p> <ul style="list-style-type: none">➤ reduce the lower age limit at which workers must be automatically enrolled and re-enrolled into a pension scheme by their employers from age 22 to 18; and➤ remove the lower earnings limit from the qualifying earnings band so contributions are calculated from the first pound earned. <p>The Government has confirmed its support for the Bill.</p>	Second reading in the House of Lords is due to take place on a date to be announced.
Small pots	<p>The Government has published a call for evidence relating to the development of policy options for large-scale automated consolidation solutions to address the growth of deferred small pots in the auto-enrolment workplace pensions market.</p>	The call for evidence closed on 27 March 2023 and a response is awaited.

On the horizon... Bitesize updates (cont.)

Subject	Changes	Next key date
The new general code (previously the ' <i>single code</i> ')	The Regulator has published a consultation as part of its work on combining the content of its 15 current codes of practice into a single, shorter code. The first phase involves bringing 10 of the current codes together as one new code consisting of 51 shorter, topic-based modules.	TPR says it will launch the new general code in 2023.
Notifiable events and corporate transaction notifications	The Government has published a consultation on draft regulations relating to notifiable events and the new corporate transaction notifications.	The consultation closed on 27 October 2021 and a response is awaited. Regulations were expected to come into force on 6 April 2022 but this has been delayed.

Questions?



Linklaters