

Investment consultants and fiduciary managers

The Investment Consultancy and Fiduciary Management Market Investigation Order 2019 came into force on 10 June 2019. It requires trustees to set objectives for their investment consultants and carry out a tender process for fiduciary management services. Following a consultation earlier in the year, the Pensions Regulator has published a response to the consultation, together with the final versions of its guidance for trustees on engaging with investment consultants and fiduciary managers.

There are four guides covering:

- > Choosing an investment governance model.
- > Tendering for fiduciary management services.
- > Tendering for investment consultancy services.
- > Setting objectives for your investment consultant.

Annual benefit statements

The Government published a consultation in November on its proposed approach to achieving simpler annual benefit statements for workplace pensions.

The consultation seeks views on three issues:

- > Options for delivering simpler and more consistent annual benefit statements (eg through the adoption of a template statement). The consultations seeks views on whether voluntary adoption could deliver change, or whether the Government should introduce statutory guidance mandating an approach.
- > Amending the legislation to require schemes to include member level charges and transaction costs in pounds and pence on the annual benefit statement. Currently, annual benefit statements only need to signpost where members can find costs and charges information.
- > Amending the legislation so that the Financial Reporting Council is no longer the body responsible for the guidance underpinning Statutory Money Purchase Illustrations (SMPIs). Instead, it is proposed that the Secretary of State for Work and Pensions will issue statutory guidance which trustees must have regard to when producing SMPIs.

The consultation closes on 20 December 2019.

GMP equalisation

HMRC has confirmed that its GMP equalisation working group is aiming to publish guidance in December 2019.

This guidance is expected to be high-level, covering:

- > Lifetime allowance (LTA);
- > LTA protection regimes (including enhanced, fixed, primary and individual protection); and
- > Annual allowance.



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Master trust authorisation

The Pensions Regulator has confirmed that the final master trust has been authorised and the process for existing schemes has now ended. As a result of the new regime, the market has reduced in size by nearly 60%, from 90 schemes to 37 authorised master trusts. Nicola Parish, Executive Director of Frontline Regulation at the Regulator, said: “The 37 authorised master trust schemes will continue to be closely supervised by us to make sure they continue to operate within the law. We will also expect them to set an example for the rest of the pensions industry – to have their data in shape ready for the Pensions Dashboards, to be at the forefront of considering climate change in their investments and ensuring that savers are getting value from their pensions”.

The Regulator has updated its master trust authorisation decision-making procedure to reflect that the procedure now only applies to new master trusts wanting to enter the market. The Regulator has removed references to oral hearings and the Determinations Panel, as the decision on whether to grant authorisation now lies with the Regulator.

Also in relation to DC master trusts, the Pensions Administration Standards Association (PASA) has published guidance on master trust transitions, which has been welcomed by the Regulator.

The guidance focuses on:

- > Master trust to master trust transfers; and
- > Single employer DC scheme to master trust transfers.

Opposite sex civil partnerships

The Civil Partnership (Opposite-sex Couples) Regulations 2019 came into force on 2 December 2019. The Regulations amend the definition of civil partnership in the Civil Partnership Act 2004 so that two people of the opposite sex may become civil partners. Scheme rules may need to be amended in some cases to ensure death benefits can be paid to opposite sex civil partners.

Pension costs and transparency

The Government has responded to the Work and Pensions Committee’s inquiry into pension costs and transparency.

Amongst other things, it confirmed that:

- > The Government will review the level and scope of the charge cap, as well as permitted charging structures, in 2020.
- > The Government is considering a consultation on how to encourage use of the disclosure templates developed by the Cost Transparency Initiative.
- > Once the most effective option for encouraging members to take up guidance is identified, the Government will make regulations for workplace pensions.
- > The Government intends to consult in early 2020 on whether, and if so how, investment pathways should be applied to trust-based DC schemes.

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