

**STEPHENSON
HARWOOD**
pensions law group

CLEAR VIEWS

Quarter one 2022 update

OVERVIEW

Priorities for trustees this quarter are to:

- consider what scheme processes need to be updated to comply with the new pensions 'nudge' requirements for occupational defined contribution schemes;
- continue with any work needed in order to comply with the Pensions Regulator's (**Regulator**) draft code of practice; and
- consider what steps need to be taken to ensure compliance with the new climate change obligations from 1 October 2022 which will apply to schemes with £1 billion or more in assets.

In addition, trustees should be aware of:

- the upcoming extension of the notifiable events regime and how this will impact the interaction with the sponsor and involvement of the trustees with corporate activity;
- the delay to the publication of the new defined benefit funding code of practice;
- proposals that have been made to clarify GMP conversion legislation in the hope it will be easier to use for those taking this route to equalise GMPs; and
- a legislative framework that has been proposed to supervise and authorise a new type of pension scheme known as a collective money purchase scheme.

Further information on all of these topics can be found in our additional materials, referenced in the table below.

KEY DEVELOPMENTS

Development	Date of change	Links to further information
<p>Notifiable events framework to be extended – likely to result in greater trustee involvement with corporate activity</p> <p>There are proposals to extend the notifiable events regime in terms of:</p> <ul style="list-style-type: none"> • The corporate events that will need to be notified to the Regulator; • The timing in which notification needs to be made; and • The amount of information that will need to be provided. This will include an explanation of any communication with the trustees about the proposals and steps taken to mitigate any adverse 	6 April 2022	For more information, please see our briefing here .

<p>effects the proposals will have on the pension scheme.</p> <p>As a result of this, trustees can expect to be involved at an earlier stage when sponsors are considering specific corporate activity (in particular, asset or share sales or the granting of certain security). Any impact on the sponsor's defined benefit scheme and mitigation that can be put in place as a result will also be high on the agenda of sponsors as a result.</p>		
<p>Steps need to be taken to comply with the Regulator's single code of practice</p> <p>Trustees should start now reviewing their current policies and procedures to identify any gaps that need to be filled in order to be compliant with the code when it comes into force.</p> <p>A recent Pensions Ombudsman decision (although not on the topic of the single code) highlights the expectation on trustees to comply with the Regulator's codes of practice in a timely manner.</p>	<p>Code expected to be in force Summer 2022</p>	<p>For more information on the code of practice, please see our briefing here.</p> <p>For more information on the Pensions Ombudsman case, please see our briefing here.</p>
<p>'Pensions nudge' requirements will place additional obligations on trustees of occupational defined contribution pension schemes</p> <p>Regulations have been published which will impose new obligations on trustees of defined contribution pension schemes in certain circumstances. Where members request to transfer or receive benefits in a manner to take advantage of the pension freedoms, trustees must offer to book a pensions guidance appointment on behalf of the member. The member will either have to attend the appointment or opt-out. The regulations set out the process to be followed and the exemptions which apply.</p> <p>These changes will require scheme processes to be updated which is something that trustees should start considering now.</p>	<p>1 June 2022</p>	<p>For more information, please see our briefing here.</p>
<p>New defined benefit funding code has been delayed</p> <p>The Regulator was due to publish a draft of the new funding code for consultation in Spring 2022. However, the Regulator has confirmed that this is being pushed back to late Summer 2022 to give time for the new defined benefit scheme funding regulations to be published and considered.</p>	<p>Summer 2022</p>	<p>For more information, please see our briefing here.</p>

<p>This may have an impact on the timing of the new funding regime coming into force.</p>		
<p>Clarification on GMP conversion</p> <p>Trustees have been looking to GMP conversion as one way of equalising their GMP benefits. There was, however, some uncertainties over the application of the GMP conversion legislation in certain circumstances. A Bill has been put forward to address these uncertainties which will hopefully assist trustees in using this method.</p>	<p>To be determined</p>	<p>For more information, please see our briefing here.</p>
<p>Climate change obligations to extend to schemes with assets of £1 billion or more</p> <p>The requirement for certain occupational schemes to comply with governance and disclosure requirements in line with the recommendations set out by the Task Force on Climate-Related Financial Disclosures (TCFD) will be extended to schemes will assets of £1 billion or more from 1 October 2022. Draft regulations would also require these schemes to make disclosures against Paris Agreement goals.</p> <p>The Regulator has also published guidance setting out what it will take into account when considering whether trustees have met their TCFD obligations and complied with DWP's guidance.</p>	<p>1 October 2022</p>	<p>For more information, please see our briefing here.</p> <p>For more information on the Regulator's guidance, see our briefing here.</p>
<p>Collective money purchase schemes</p> <p>Regulations which will govern a new type of pension; a collective money purchase scheme, have been published. These will provide the framework for the regulation of these new schemes with an authorisation and supervisory regime overseen by the Regulator in a manner similar to the regime governing master trusts.</p>	<p>1 August 2022</p>	<p>For more information, please see our briefing here.</p>



The Stephenson Harwood pensions law group has been promoted to tier 1 and tier 2 by the Legal 500 for pensions disputes and pensions advisory work. Please see the Legal 500 website [here](#) for more information.

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