Issue 59 September 2016

What's Happening in Pensions

IN THIS ISSUE:

Brexit

Implications

The UK electorate voted on 23 June 2016 to leave the European Union. The two year "Article 50" exit period has not yet been triggered and may not be triggered for many months. See our **briefing note** for the potential implications in various practice areas. We very briefly summarise the main pensions implications as follows:

- **Economic effects:** The most immediate implications for pension schemes (and sponsoring employers of DB schemes) are in relation to the economic effects of the prospect of Brexit on their asset and liability values. In particular, DB scheme liabilities are calculated by reference to gilt yields, which have fallen to record low levels. This has therefore adversely affected funding levels, with the impact varying as between schemes and in particular on the extent to which interest rate risk is hedged.

- **Employer covenant:** The strength of the employer covenant (ie, the ability of the employer to support a DB scheme) could be affected by Brexit: this informs decisions about funding and investment in DB schemes.

- **Scope for change:** A good deal of UK pensions law derives from Europe, including legislation on equality, scheme funding, the Pension Protection Fund and other member protections. The treaty and directive requirements have been transposed into national legislation, so they will not cease to apply on Brexit. Repeals are unlikely but there could be some amendments to ease pressures on employers. Many existing EU laws are likely to continue to be applied, and if the UK remains an EEA member some new ones too.

- **New pensions directive:** The Government may be required to implement the new IORP directive (see below) before Brexit is completed. This is not now expected to include more stringent scheme funding requirements but it does impose other new obligations that would require changes to UK legislation.

- **Tax treatment:** The tax treatment of pension contributions, investment returns and benefits would not be affected. HMRC might find it easier to allow employers to reclaim VAT paid on their scheme's investment management fees.

Pensions Regulator statement

The Pensions Regulator **published** a **statement** for trustees (and, to a lesser extent, employers) following the referendum and subsequent financial market volatility.

The Regulator says that its *"operational approach remains unchanged"* and that it will provide more guidance to trustees of DB and DC schemes "*as necessary*". The key messages to trustees and sponsors of occupational pension schemes are to *"discuss the issues in an open and collaborative way"* and *"to remain vigilant and review their circumstances, but continue to take a considered approach to action with a focus on the longer term"*.

The statement includes (among other things) sections on the employer covenant, investment and funding volatility, and DB schemes currently undertaking a valuation. For DB schemes, the Regulator stresses that trustees should, as before, be taking an integrated approach to risk management and undertaking contingency planning.

DC benefits

Pensions Regulator: DC code of practice etc.

The Pensions Regulator's revised **DC code of practice** is now in force and the Regulator has published:

- final "**how to" guides** to accompany it (with a **consultation response**);

- a new 22 point "**self-assessment template**", to replace the old 31 quality features checklist; and

- a final updated **DC compliance and enforcement policy** (with a **consultation response**).

The code and guides are most conveniently read online because there are links in the text of the online code to relevant sections of the guides.

The code has been renamed "*Code of Practice 13: Governance and administration of occupational pension schemes providing money purchase benefits*", mainly to ensure that trustees of DB schemes offering DC AVCs know that it applies to them too. The same change has been made to the title of the compliance and enforcement policy.

The code of practice includes sections, with corresponding "how to" guides, on:

- The trustee board
- Scheme management skills
- Administration
- Investment governance
- Value for members
- Communicating and reporting

We will report in more detail on the new code and guides shortly.

The Regulator intends to produce further guidance later this year covering investment issues applicable to all types of pension scheme. There should be best practice guidance on transfer processes in early 2017.

A Pensions Regulator **research report** examines whether DC schemes are meeting the standards set out in the revised code.

Chair's statement

The Pensions Regulator **has published** a report on the first fine (£500) imposed on the trustee of a DC scheme for failure to prepare a chair's governance statement. These statements are now required to be included in a scheme's annual report (see our briefing note **DC charges and governance**). The Regulator has no discretion not to impose a fine in any case of breach.

In a second report, the Regulator **has publicised** the imposition of three £2,000 fines on a firm of professional trustees in respect of three different schemes.

EU IORP II directive

The very likely final version of the EU's **IORP II directive**, as agreed by the European Parliament, Commission and Council, has been published. There was also a **European Commission press release**. (IORP stands for "institution for occupational retirement provision" and affects UK DB and DC occupational pension schemes.)

The directive, which will replace the 2003 IORP directive, now just needs to be approved by the European Parliament in the autumn. It will then be published in the Official Journal (perhaps in December 2016) and take effect 20 days after publication. There is then a two year period for member states to introduce domestic legislation.

The most significant points for UK pension schemes, and changes from the 2003 IORP directive, are noted below. The extent to which UK occupational pension schemes will be affected will depend on the extent to which the UK Government considers that domestic law is not already compliant. Brexit is also a factor, of course (see above).

As with the existing IORP directive, member states may choose not to apply the directive (except provisions on investment) to IORPs with fewer than 100 members but some requirements must be applied to IORPs with more than 15 members.

- **Scheme funding:** The directive includes no new provisions on funding or solvency and the requirement for a six year review of the application of the directive no longer refers to funding or solvency requirements. Indeed the development of further rules is ruled out. A recital says:

  "The further development at Union level of solvency models, such as the holistic balance sheet (HBS), is not realistic in practical terms and not effective in terms of costs and benefits, particularly given the diversity of IORPs within and across Member States. No quantitative capital requirements - such as Solvency II or HBS models derived therefrom - should therefore be developed at the Union level with regard to IORPs, as they could potentially decrease the willingness of employers to provide occupational pension schemes."

- **Cross-border schemes**: The requirement for cross-border schemes to be fully funded has been watered down. It now requires that, in cases of underfunding, "*... the competent authority of the home Member State shall promptly intervene and require the IORP to immediately draw up appropriate measures and implement them without delay in a way that members and beneficiaries are adequately protected*".

  A recital confirms that the mere fact that members or other beneficiaries reside in another EU member state (eg, pensioners living in Spain) does not make the scheme a cross-border scheme.

  There are also provisions on regulating cross-border transfers.

- **ESG factors:** Various provisions will require trustees to consider and make statements about their environmental, social and governance (ESG) policy, in the context of investment decisions and risk management. For example, the statement of investment principles will have to cover this. Member states must *"allow IORPs to take into account the potential long-term impact of investment decisions on environmental, social and governance factors"*.

- **"Fit and proper" trustees:** People who run an IORP should be fit to do so. This means that they should collectively have adequate qualifications, knowledge and experience. They should also be "proper", meaning of good repute and integrity. "Professional" qualifications will be required of people who carry out actuarial or internal audit functions.

- **Risk assessments:** IORPs will be required to have risk management and internal audit policies. Much of the detail here is left to national legislation or regulatory requirements. IORPs must also carry out and document a risk assessment at least every three years. Among other things, this must cover:

  - how conflicts of interest with the sponsoring employer are prevented, if key functions are outsourced to it;

  - an assessment of the risks to members and beneficiaries relating to the payment of their retirement benefits; and

  - *"a qualitative assessment of the mechanisms protecting retirement benefits, including, as applicable, guarantees, covenants or any other type of financial support by the sponsoring undertaking, insurance or reinsurance ... or coverage by a pension protection scheme, in favour of the IORP or the members and beneficiaries"*.

- **Disclosure of information:** There will be new requirements for the disclosure of information to members, prospective members and other beneficiaries. These include:

  - an explanation of the impact on members and beneficiaries of significant changes to the technical provisions used to value the IORP's liabilities;

  - (for members and prospective members with DC benefits) information on charges and on investment performance for at least the last five years; and

- "concise" pension benefit statements containing prescribed information. This includes information about the scheme's funding level. Projected levels of retirement benefits should include an unfavourable scenario that is "extreme but plausible".

Pension Protection Fund

Levy framework review

The Pension Protection Fund **has published** a short **paper** on its review of the pension protection levy framework for the three years beginning with 2018/19. The paper is intended to show the "direction of travel": a formal consultation will follow in late 2016 or early 2017 but comments at this stage are welcomed.

Some aspects of the PPF specific insolvency risk model built by Experian are under review:

- the case for using credit ratings, where available, and industry specific scorecards for regulated financial services firms;
- the impact of changes to accounting standards, especially the introduction of FRS 102;
- the potential to improve scorecards for companies filing small company accounts and not-for-profit organisations;
- consideration of combining the "large and complex" scorecard population with the "independent full" population and then perhaps splitting it according to turnover;
- measurement and reporting of secured charges.

There will also be limited work on:

- *"The treatment of investment risk – and in particular the objective of consistency between standard and bespoke investment risk stresses;*
- *Guidance and requirements in relation to certifying deficit reductions;*
- *The operation of the regimes for certifying contingent asset and asset backed funding structures*
- *The potential for simplifying requirements for smaller schemes, in relation to the above areas or more generally"*

Levy data correction principles

The PPF has published a **document** setting out the key principles that it will apply when considering a data correction request made by a scheme or adviser. Where the PPF has identified an error that could lead to an underpayment of levy, it will normally take steps itself to correct the error.

Compensation cap to be considered by European Court

The **Court of Appeal** is referring questions about the lawfulness of the Pension Protection Fund compensation cap to the European Court.

In *Hampshire v the Board of the Pension Protection Fund*, the High Court had held that a 67% reduction of Mr Hampshire's pension, by the application of the PPF compensation cap, was not unlawful. Mr Hampshire appealed to the Court of Appeal which has now referred the question to the European Court.

The long-serving member suffered such a large reduction because he had taken early retirement and was still below normal pension age when his employer became insolvent. He also lost most of his entitlement to pension increases. The Pensions Act 2014 includes measures to mitigate the effects of the compensation cap on long-serving members but the Government has not brought them into force and the new pensions minister, Richard Harrington, is reported to have indicated that the necessary regulations are not ready to be passed and that consultation would be required before he decided whether to present them to Parliament. There is also the question of whether the UK will have to comply with directives after leaving the EU, which will depend upon negotiations about the post-exit relationship.

The EU Insolvency Directive requires the protection of individuals' pension scheme interests but does not specify a minimum level of protection. The European Court considered the level of compensation required by the Directive in the *Robins* and *Hogan* cases (see **WHiP Issue 39**). In those cases, the European Court decided that the Directive did not require 100% protection but the Court of Appeal in the present case decided that the European Court's judgments did not clearly set out a generally applicable rule that it could apply.

The European Court is now being asked about the 67% reduction in Mr Hampshire's case and about whether the Directive has direct effect so as to bind the PPF (rather than just requiring governments of EU member states to implement appropriate national legislation). Since the scheme might stay out of the PPF and the trustees would then have to apply PPF-related winding-up priorities, this could affect the calculation of scheme benefits.

Pensions Regulator: Trustees

21st century trusteeship and governance

The Pensions Regulator **has published** a **discussion paper** on 21st century trusteeship and governance. It is seeking to improve standards of occupational pension scheme trusteeship, with a particular eye on small DC schemes. The Regulator clearly hopes that if greater trusteeship and governance requirements are applied then the best run schemes will already be compliant and members of the worst run, smallest schemes may be transferred to larger, better run schemes.

The discussion paper asks the following questions (among others). Responses are requested by 9 September 2016.

- *There are currently no barriers to entry for professional trustees. Should there be? For example, should all professional trustees be required to be qualified or registered by a professional body?*

- *Do you think it is the role of the chair of trustees to support trustees and use their leadership skills to improve the likelihood of appropriate scheme processes being put in place? Given the crucial role played by chairs, do you think more needs to be done to raise the standards of trustee chairmanship? For instance, do you think that chairs should be required to meet a minimum standard through having minimum qualifications or experience or belonging to a professional body?*

- *Should the requirement to appoint a chair and report on compliance with governance standards be introduced for DB schemes?*

- *Do you have any views as to how we can help new trustees bring their knowledge and skills up to the required standard within the statutory period? For instance would it be useful to make completion of the Trustee toolkit or other equivalent learning tool within six months mandatory? Or would the introduction of a six month probationary period for new trustees help to meet standards of TKU? What are the difficulties associated with these options and how could these be solved?*

- *How can trustees demonstrate they have the minimum level of competence required to fulfil their role? For instance, do you think holding relevant qualifications is the right way to demonstrate competence? What are the difficulties associated with this option and how could these be solved? Are there other options?*

- *Do you have a view as to whether a CPD framework would assist trustees to meet the challenges of scheme governance? What are the difficulties associated with this option and how could they be solved?*

- *What do you think is the best way of managing conflicts of interests? How could the system be improved to reduce the likelihood of conflicts arising in the first place?*

- *What should be done with those schemes that are unwilling or unable to deliver good governance and member outcomes? In particular, should small schemes be encouraged or forced to exit the market or to consolidate into larger scale provision? Is regulatory intervention required to facilitate this or can it be achieved through existing market forces?*

Prohibition orders

The Pensions Regulator has updated its June 2013 **statement** on the policy it will adopt when exercising the power to make (or revoke) a trustee prohibition order. It also covers briefly the standards that it expects professional and non-professional trustees to meet.

Parliamentary Select Committee inquiries

BHS, Sir Philip Green and the Pensions Regulator

The **report of the joint Work and Pensions and Business Parliamentary Select Committees** has heavily criticised Sir Philip Green over his and his wife's ownership and 2015 sale of BHS. Key to the collapse of BHS (now in administration), the loss of up to 11,000 jobs and seemingly inevitable pension reductions was the failure to address a growing DB pension scheme deficit.

Matters came to a head when BHS tried to restructure the pension arrangements but could not do so without the agreement of the Pensions Regulator to a regulated apportionment arrangement. (This would have been an arrangement similar to the one agreed later in respect of the Halcrow Pension Scheme – see below.) The Regulator raised questions for the Greens to answer and the restructuring proposal was halted.

BHS was then sold but not long afterwards it was placed in administration, following another attempt at restructuring that collapsed when Sir Philip Green reportedly refused to discuss making a contribution unless the Pensions Regulator dropped its anti-avoidance investigation (see below). The schemes are currently being assessed for entry to the Pension Protection Fund. Scheme benefits will be reduced but the damage could be mitigated if the Pensions Regulator can secure a contribution from the Greens, Taveta companies or anyone else.

The report says that the Greens benefited to the tune of several hundred million pounds from BHS, notwithstanding a £200 million loss on the sale, including from dividend payments and property sale and leaseback transactions. The report alleges that they took money out of the company rather than using it to reduce the growing pension scheme deficit. When BHS became a "*financial millstone and threatened his reputation*", Sir Philip Green took steps to offload it.

Taveta sold BHS for £1 in March 2015 to a company with no financial backing other than working capital arranged by Sir Philip Green. The Pensions Regulator, which had already been considering what to do about the inadequate support for the pension scheme, then initiated an anti-avoidance (moral hazard) investigation. This could result in one or more financial support directions or contribution notices being made in relation to the pension schemes, requiring funding or other support to be provided by companies and/or individuals. The

Committee chair, Frank Field MP, has repeatedly called on Sir Philip Green to settle with the Pensions Regulator by making a substantial contribution.

Further inquiry into DB schemes

The **Work and Pensions Select Committee** will next consider a wide range of DB pension scheme issues, as follows. Written submissions are requested by 23 September 2016.

- *"Defined benefit (DB) pensions regulation by the Pensions Regulator (TPR), including:*
  - *the adequacy of regulatory powers, including anti-avoidance provisions*
  - *the application of those powers, including in specific cases other than BHS*
  - *the level and prioritisation of resources*
  - *whether a greater emphasis on supervision and pro-active regulation would be appropriate*
  - *whether specific additional measures for private companies or companies with complex and multi-national group structures are required*
  - *the pre-clearance system, including whether it is adequate for particular transactions including the disposal of companies with DB schemes*
  - *powers relating to scheme recovery plans*
  - *the impact of the TPR's regulatory approach on commercial decision-making and the operation of employers*
- *The Pension Protection Fund (PPF), including:*
  - *the sustainability of the Pension Protection Fund*
  - *the fairness of the PPF levy system and its impact on businesses and scheme members*
- *The role and powers of pension scheme trustees*
- *Relationships between TPR, PPF, trustees and sponsoring employers*
- *The balance between meeting pension obligations and ensuring the ongoing viability of sponsoring employers, including:*
  - *TPR's objective to "minimise any adverse impact on the sustainable growth of an employer"*
  - *whether the current framework is generating inter-generationally fair outcomes*
  - *whether the current wider environment, including very low interest rates, warrants an exceptional approach"*

The Pensions Regulator (TPR) had already suggested to the Government and the Committee that it could usefully be given more powers. Lesley Titcomb made the following suggestions (among others) in a **letter to Frank Field MP**:

- **Information gathering powers:** *"We think it could be useful to consider whether a more flexible information gathering power, along with a general duty on parties to cooperate with the regulator, would improve the efficiency and effectiveness of our information gathering."*

- **Clearance and anti-avoidance:** *"Given the vital role of acquisitions and mergers in the UK economy it would be inappropriate for TPR to comment in detail on this issue, but making such pre-clearance compulsory would raise significant and important questions, which would include the potential delay in key business decisions which are often time critical. It would also have significant resource implications for TPR and our levy payers.*

  However, we can see a case for a more targeted solution such as imposing a requirement to involve TPR in certain circumstances; for example, where there is significant underfunding and/or the transaction puts the security of the scheme at risk."

- **Scheme funding:** "*... consideration could be given as to whether a more ongoing supervisory-type role for TPR would be appropriate; perhaps, in the approval of and setting limits to recovery plans for high risk schemes and ensuring that the scheme is being treated fairly by the employer.*

  Other areas within the scheme funding framework which could be improved include the statutory timescales and processes for scheme valuations. Valuations are almost exclusively carried out once every three years, with limited annual updates, while schemes have a 15 month timeframe for agreeing and submitting valuations and recovery plans to TPR. A more risk-based and segmented approach to the requirements, such as more regular monitoring and supply of information to TPR for higher risk schemes, while reducing burden for well-run/funded schemes, could be beneficial for all parties. Additionally, given developments in the tools and technology available to schemes, and the fact that schemes are now well-versed in the requirements of the scheme specific funding regime, it should be possible for most schemes to complete their valuations and submit them to us more quickly so shortening the 15 month submission period would ensure we received information on a more timely basis."

- **Governance:** *"The chairs of trustees of DC schemes are already required to complete a 'chair's statement' confirming the scheme's adherence to some key governance principles. Such a requirement could be extended to DB and public service pension schemes as a way to encourage good governance across all pension schemes.*

  Finally, there are a large number of small schemes across the DB and DC landscape. Many of these are not in a position to benefit from economies of scale and are less able to adopt best practices set out by our guidance. ... Consolidation may yield significant benefits for members, sponsors and the PPF, as well as for TPR as we may be able to focus our regulation and target our efforts on a smaller pool of schemes."

The letter also points out that greater financial resources will be required if the Regulator's role is to become more supervisory in nature.

Halcrow regulated apportionment arrangement

The Pensions Regulator **has published** a **report** about its involvement with the Halcrow Pension Scheme. This included agreement to a regulated apportionment arrangement (RAA) that enabled the employer to survive and, unusually, allowed the reduction of accrued benefits via transfers of consenting members to a new scheme.

This scheme was the subject of a High Court decision in December 2015 (in *Pollock v Reed* - see **WHiP Issue 58**). The Court ruled that the scheme actuary could not certify that benefits were broadly no less favourable in a new scheme, to which members would have been transferred without consent, under which scale benefits were lower but benefit security was greater.

The employer and trustees ultimately agreed with the Regulator that:

- Members would be offered individual transfers to a new scheme providing benefits greater than PPF compensation but lower than their accrued benefit rights.

- Members who decline the transfer offer would stay in the scheme and transfer to the PPF.

- Under an RAA, Halcrow's US parent would make a payment to the new scheme of £80 million and give it an equity stake of 25% to 45% in the sponsoring employer. A £50 million guarantee will also be provided by the parent company.

- A recovery plan of no more than eight years would be agreed, with contributions taking priority over inter-company debt.

The Regulator concluded that Halcrow's insolvency was inevitable without continued voluntary support by the parent company or agreement to the RAA, that the financial support offered was greater than the scheme would have obtained on insolvency, and that there was no cause for it to use its anti-avoidance (moral hazard) powers to secure a contribution or other financial support.

Lifetime allowance: 2016 protections

Finance Bill

The current **Finance Bill** will not receive Royal Assent until after Parliament's summer recess (ie, not before 5 September 2016) and possibly after the conference season recess (10 October 2016). We can expect Royal Assent by 15 October 2016 because the Budget resolutions that give temporary effect to provisions of the Bill would then expire.

The Bill includes (among other things – see **WHiP Issue 57**) retrospectively effective provisions about applying for fixed protection 2016 and individual protection 2016, following the reduction of the lifetime allowance to £1 million from 6 April 2016.

There is not yet any automatic enrolment exception for a worker who has claimed such protection and there cannot be any until after the Finance Bill is in force. Unless three month postponement can be used to delay automatic enrolment until there is such an exemption (the date of which is not yet known), such individuals have to be automatically enrolled. They must then opt out if they wish to retain (or apply later for) fixed protection 2016. Individual protection is not lost if an individual has further contributions or accrual.

Application process

HMRC Pension schemes newsletter 80 includes the following news on lifetime allowance protections.

- HMRC's online service for applications for fixed protection 2016 and individual protection 2016 is now available. The interim paper-based system can no longer be used. Online reference numbers replace the system of hard copy certificates.

- Individuals who have interim protection certificates do not need to reapply, using the online service, for a permanent reference number in order to retain their 2016 protection(s). However, since only permanent reference numbers will be recognised by HMRC and by the "pension scheme administrator look up service" (which will be available later in the year), they should do so.

Pensions Ombudsman: appeals

The Pensions Ombudsman Service has issued a **statement** about a change in its approach to appeals. It includes the following paragraphs:

> *"Following the appeal case of Hughes v Royal London earlier this year and its wider implications,*

the Pensions Ombudsman decided it would be timely to review his position on when to apply to participate in an appeal.

Royal London did not wish to make representations on the statutory transfer point but did so simply because it was instructed by the court. When the role of the Pensions Ombudsman was established by Parliament in 1990 the intention was for the Ombudsman to be an accessible alternative to the Courts.

Our practice of looking to intervene will now be extended beyond participating in an appeal which raises questions affecting our legal jurisdiction or internal procedures. Our participation will be more pro-active and will be considered against the backdrop of seeking to assist the court.

Examples of increased participation may include where the decision could have a wider impact on the pensions industry, such as pension liberation or auto-enrolment, or where there is a significant concern over access to justice and participation is necessary to properly present and argue the points – the Principle of Equality of Arms."

See **WHiP Issue 56** for details of the *Hughes* case, brought successfully by an individual who had been denied a transfer to a suspected pension liberation scheme.

Automatic enrolment minimum contributions

Regulations have confirmed the previously announced (see **WHiP Issue 55**) extensions to the DC minimum contribution rate transitional periods. The following table shows the changes:

	From enrolment date until ~~30 September 2017~~ 5 April 2018	~~From 1 October 2017 to 30 September 2018~~ From 6 April 2018 to 5 April 2019	~~From 1 October 2018~~ From 6 April 2019
Minimum employer contribution	1%	2%	3%
Total minimum contributions (from the employer and the worker (including any tax relief*))	2%	5%	8%

* If basic rate tax relief at source is given (mainly for personal pension, not occupational pension scheme, contributions) then the 20% tax relief claimed by the scheme administrator counts towards this contribution.

Data protection: US data transfers

The European Commission **has approved** a new EU-US "privacy shield" framework on transatlantic data flows, to replace the "safe harbor" framework declared invalid by the European Court (see **WHiP Issue 55**). See our **briefing note** for more detail on that decision.

Insurance Act 2015

The **Insurance Act 2015** applies to insurance contracts (for example, in the pensions context, bulk annuity or trustee indemnity insurance contracts) entered into on or after 12 August 2016 (and variations after that date of existing contracts). The Act:

- imposes a duty of "fair presentation" on insureds (ie, disclosure obligations), unless the insurer waives this duty, and sets out remedies for failing to comply with the obligation;
- revises the remedies available to insurers where warranties are breached; and
- abolishes the rule of law to the effect that a contract can be avoided on the basis of a breach of the duty of utmost good faith.

We will be monitoring developments in the insurance market in consequence of these changes as we advise clients entering into buy-in, buy-out and longevity hedging contracts.

NEST

Rule amendments

NEST **has confirmed** that it will make the following rule changes, which have been permitted by changes to the governing legislation (see **WHiP Issues 49** and **50**):

- The limit on contributions (currently £4,900 pa) will be removed from 1 April 2017.
- NEST will be permitted, again from 1 April 2017, to accept individual transfers and to accept and make bulk transfers with members' consents. There was nothing said about whether the charge applied to contributions will also apply to funds transferred to NEST.
- From September 2016, NEST will allow members to take partial uncrystallised funds pension lump sums (UFPLSs), as an alternative to the full UFPLSs already available. There will be no charge but access will be limited.

New call for evidence

The Government has published a **call for evidence** on how NEST might be changed to respond to the changing pensions landscape. In particular, it asks whether NEST should be allowed to:

- develop and offer a range of decumulation services;
- admit members other than those who are required to be automatically enrolled or re-enrolled (eg, permit contractual automatic enrolment and re-enrolment in NEST);
- accept bulk transfers from schemes with no active employer;
- accept members solely for the purpose of accessing new decumulation options; and
- allow access to individuals who are currently not permitted to join (only the employed, self-employed and beneficiaries of a pension sharing order can currently join).

Responses are requested by 28 September 2016.

This and previous issues of WHiP can be found on our website **here**.

If you do not already subscribe to our pensions mailings and would like to do so, please email **pensions@traverssmith.com**.

Hyperlinks in this document can be clicked via an up to date version of Adobe Acrobat Reader. We are not responsible for the contents of external websites to which we provide links.

If you wish to discuss any points arising from this note, please speak to your usual contact in the Travers Smith Pensions team or to one of the Pensions partners: Susie Daykin, Daniel Gerring, David James, Dan Naylor, Paul Stannard and Philip Stear.

Travers Smith LLP
10 Snow Hill
London EC1A 2AL
T: +44 (0)20 7297 3000
F: +44 (0)20 7295 3500

www.traverssmith.com