

## Pensions: what's new this week

Welcome to your weekly update from the Allen & Overy Pensions team, bringing you up to speed on all the latest legal and regulatory developments in the world of occupational pensions.

TPR: latest annual funding statement | TPR: member communications, transfer insert | Updated TPR scams guidance | Covid-19: PPF statement on levy collection | Latest HMRC newsletter | Other Covid-19 updates

### TPR: latest annual funding statement

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The Pensions Regulator (TPR) has published its latest [annual funding statement](#) for DB schemes, including additional guidance on covenant assessments and affordability, scheme funding positions and recovery plans, in relation to the impact of Covid-19. TPR considers it 'vitaly important' for **all** DB schemes to follow this guidance (and additional Covid-19 guidance) 'to strengthen their position for the tough times ahead', and is urging trustees and sponsors to work collaboratively.

Trustees of all DB schemes should review the guidance and seek advice as appropriate; sponsors may also wish to familiarise themselves with TPR's expectations of trustees. You can read more about the guidance in our briefing '[Annual funding statement: tough times ahead](#)'. TPR's [press release](#) is also available.

### TPR: member communications, transfer insert

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TPR has issued new Covid-19 [guidance on member communications](#) for trustees and administrators.

**DB transfers:** TPR is asking trustees to send a [template letter](#) to all DB members requesting a CETV quote, in addition to normal communications, and to actively monitor the level of CETV requests and related advisers – trustees are asked to report any unusual or concerning patterns to the Financial Conduct Authority. TPR continues to urge trustees to take steps to help members avoid scams – trustees and administrators should note updates to TPR's scams guidance (see next item).

**Service changes:** TPR expects members to be informed of any changes, delays or a disruption to member services (using appropriate channels).

**Stopping contributions/membership:** The guidance sets out information to be given to members considering ceasing contributions/active membership, and asks trustees to consider contacting members who have done so after the pandemic to remind them about scheme membership.

**DC investments/market volatility:** Where trustees expect to contact members in the next few months (for example, sending annual benefit statements or statutory money purchase illustrations),

TPR expects them to highlight to members the danger of scam activity and the free advice available from the Pensions Advisory Service as well as:

- what current market volatility might mean for members retiring at different future periods; and
- the importance of members thinking carefully (and considering whether to get investment advice) before switching funds in the current market.

Trustees and administrators should action any changes to processes as appropriate and include the new letter in responses to requests for CETV quotes with immediate effect.

## Updated TPR scams guidance

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TPR has updated its [guidance on avoiding pension scams](#), including by tightening up its commentary on trustees refusing to make statutory transfers. The guidance previously stated that although TPR could not predetermine any future regulatory action it might take if a payment was not made, and would take into account evidence of concerns that saver funds might be at risk. TPR now states that it cannot prevent a member pursuing their statutory right to transfer, and cannot permit trustees to prevent a transfer to which a statutory right applies. Where transferring trustees or administrators show evidence that the transfer *doesn't meet legal requirements*, TPR will consider this when deciding whether to take action due to the non-payment of a transfer. The changed wording reflects the legal position on statutory transfers; the government has indicated that it intends to amend the conditions for statutory transfers to support the fight against scams, but there is no indication of when this might happen.

TPR has also expanded its commentary on applications for an extension of time to complete a transfer, and notes that suspicion of scam activity is not necessarily sufficient for an extension to be granted; the request must identify one of the specific circumstances under which TPR is permitted to grant an extension.

## Covid-19: PPF statement on levy collection

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The Pension Protection Fund (PPF) has published a [statement](#) to reassure levy payers that the Covid-19 pandemic will have a minimal impact on the amount of levy to be collected this year. The PPF also recognises that levy payers, and their sponsoring employers, may face challenges in paying their 2020/2021 levy bill – it is currently considering how it can provide support and will communicate its decisions before invoicing starts.

## Latest HMRC newsletter

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HMRC's latest Pension Schemes Newsletter ([no. 119](#)) contains details of additional temporary changes to processes as a result of Covid-19, in addition to those announced previously ([WNTW](#), 30 March 2020).

The guidance includes commentary for administrators who are experiencing difficulties in valuing assets, including where a member designates funds for drawdown and these need to be tested against the lifetime allowance as a BCE1. By way of additional assistance in relation to valuation issues, HMRC will not be issuing notices to file pension scheme returns for 2019 to 2020.

The newsletter confirms that where a recently retired person returns to work in response to the Covid-19 outbreak they will not lose their protected pension age. It's worth noting that although this is not stated by HMRC, the relevant [ministerial statement](#) limits this to relevant workforces in the public sector.

The newsletter also contains information on how to apply the mandating procedure (in the case of unauthorised member payments), including the information to provide to HMRC. It also confirms that, for the overseas transfer charge, transfers to Gibraltar are treated in the same way during the Brexit transition period as they were before the UK left the EU.

## Other Covid-19 updates

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In other Covid-19 developments, the Pensions Minister has provided a [statement](#) to Parliament on steps to support members, schemes, trustees and employers during the Covid-19 pandemic.

## Contact information

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