

# The year ahead – what's coming in 2019

## UK Pensions Agenda

January 2019

**1 GMP equalisation** – Schemes with GMPs will already be working through the consequences of the **Lloyds Bank** decision. There is likely to be another hearing in the first half of this year looking at transfers and whether very small liabilities can be ignored. We may also hear from DWP on changes to the regime for conversion of GMPs and from HMRC on the tax consequences of equalisation.

**Action** – Keep an eye out for any developments and for emerging industry practice. For more information, see our **speedbrief** on the Lloyds Bank decision.

**2 Brexit** – Currently, the UK is still poised to leave the EU on 29 March 2019. For most schemes this will not have any direct consequences – although this is not the case where the scheme is a cross-border arrangement. However, there may be wider economic and operational implications and the Pensions Regulator **expects** trustees to consider these.

**Action** – Be aware of the impact of Brexit on sponsors and covenant strength. Also consider whether there will be any issues in paying pensions or annuities to members resident outside the UK. More details are in our **speedbrief** on IORP II and Europe and in DWP guidance **here** and **here**.

**3 Master trusts** – The Pensions Regulator has **reminded** schemes to check whether they are “master trusts” for the purposes of legislation. This could apply to any scheme that provides money purchase benefits and has any participating employers which are not part of the wider corporate group. Schemes that meet this definition risk having to go through an expensive authorisation process by 31 March 2019 or being hit with penalties and forced to wind up their DC benefit provision.

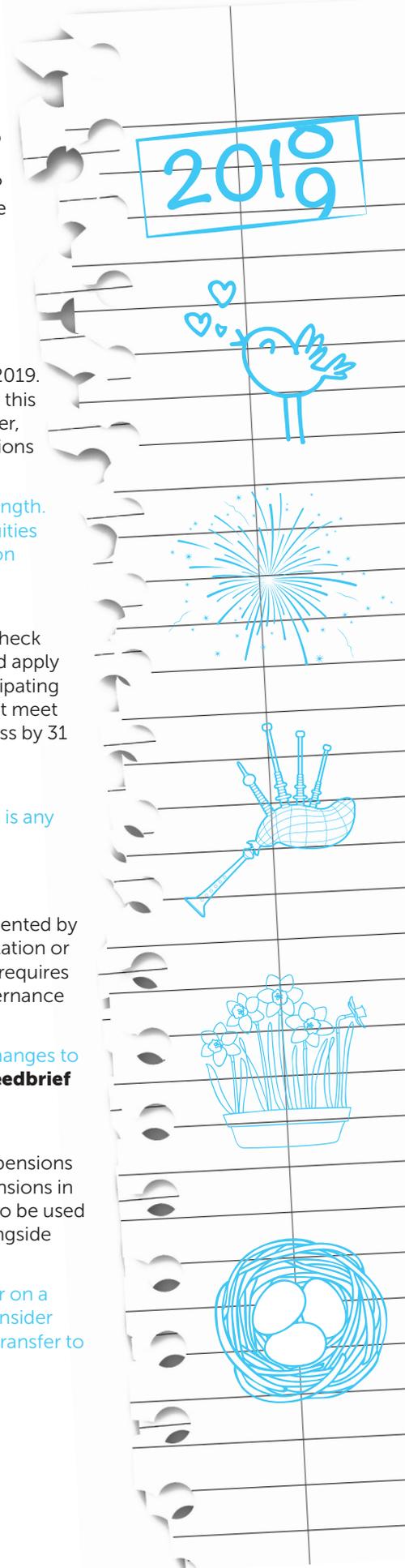
**Action** – Check if schemes could be accidental master trusts and if there is any risk, consider next steps as a matter of urgency. More details are in our **speedbrief**.

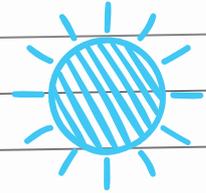
**4 IORP II** – The second European Pensions Directive had to be implemented by 13 January 2019. The UK is dealing with this largely through existing legislation or new regulatory standards from the Pensions Regulator. New **legislation** requires the Regulator to produce a code of practice setting out various new governance and risk management requirements.

**Action** – Keep a look out for the new code of practice as it will require changes to be made to existing internal processes. For more information see our **speedbrief** on IORP II.

**5 Dashboard** – The Government is **consulting** on the introduction of pensions dashboards where members can access information about all of their pensions in one place. It will be compulsory for schemes to provide the information to be used by the dashboards. The intention is that the commercial dashboards, alongside one provided by the Government, will come online in the next 3-4 years.

**Action** – There is a suggestion that dashboards could be available sooner on a voluntary basis for larger schemes. Keep an eye on developments and consider whether any improvements could be made to data handling to facilitate transfer to the dashboards.





**6 New powers for Pensions Ombudsman** – The Government is **consulting** on new powers for the Pensions Ombudsman's office. It might be possible in the future for disputes to be settled earlier by the adjudicator and for employers to bring complaints about the way in which a group personal pension scheme is being administered.

**Action** – Watch out for developments and the impact that any quicker, cheaper forms of dispute resolution could have on the number of member complaints to the Ombudsman.

**7 PPF** – The date for submission of scheme returns on Exchange and most documentation for the 2019/20 levy year is midnight on 31 March 2019. There are **later deadlines** for some documentation to be submitted. In particular, where a scheme benefits from a PPF guarantee with a fixed cap, it will need to be re-executed in the PPF's new format and hard-copies need to be submitted by 5pm on 1 April 2019.

**Action** – Ensure you are aware of the levy deadlines for any DB schemes and that all required documents are submitted on time. For more details about the 2019/20 levy and other recent PPF developments, see our PPF **speedbrief**.

**8 Cold calling ban** – New laws in force from 9 January 2019 mean that companies that make **unsolicited calls** to people about their pensions may face action, including fines of up to £500,000. There are exceptions where the caller is authorised by the FCA, or is the trustee or manager of a pension scheme, and the member consents to calls, or has an existing relationship with them.

**Action** – Consider what members should be told about the ban and when, and whether any scheme communications might fall within the exemptions.

**9 Age discrimination** – The **Court of Appeal** has decided that transitional provisions included in several public sector schemes to allow older members to continue DB accrual following a move to a career average arrangement did amount to age discrimination. There was no evidence that the provisions were in pursuit of a legitimate aim.

**Action** – Where transitional provisions have been applied on an age-related basis following benefit restructuring, consider whether this decision means that they should be revisited.

**10 Auto-enrolment** – The **final planned increase** to the required minimum level of auto-enrolment contributions is due to take place on 6 April 2019. Minimum employer contributions will rise from 2% to 3% and overall contributions from 5% to 8%.

**Action** – Ensure rules of schemes used for auto-enrolment allow for the required increases and that administrative processes are set up to deal with the change.

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