



# Pensions Accounting, Assurance and Regulatory Round-Up

Private sector occupational pension schemes

Spring 2018



# Introduction



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Welcome to the Spring 2018 edition of Pensions Accounting, Assurance & Regulatory Round-Up for private sector occupational pension schemes.

Since our last edition, there has been an abundance of legislative and regulatory consultations issued. The DWP has published responses to both the costs and charges and master trust consultations, and we consider the impact of some of these changes in this edition. The Pensions Regulator has continued to drive forward its 21st Century Trusteeship Campaign; and with the GDPR deadline fast approaching we see trustees taking steps to ensure compliance by the 25 May deadline. We also touch upon latest topical news and the implications for scheme trustees.

If you have any queries or would like to discuss any of the matters herein further, please do get in touch with your usual contact at KPMG, Anne or Sarah, or email us at:

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# Improving disclosure: Costs and charges in defined contribution schemes

## Continued focus on transparency

### Background

Since April 2015, most trustees have been required to determine member-borne costs and charges including transaction costs (as far as possible) and carry out a value for members' assessment. This information has to be reported in the annual chair's statement. The DWP ran a [consultation on improving disclosure of costs, charges and investments](#). On 26 February 2018 we saw the publication of the [DWP's response](#) to that consultation with the final amendments to be reflected through changes to the Occupational Pension Schemes (Scheme Administration) Regulations and the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations.

The key objective of the DWP in requiring this additional disclosure together with the publication of charges and transaction costs is to 'assist the function of a healthy market in an area which is perceived as being opaque'. It is also thought that it will enable trustees to compare the value for money and also to assist in the future development of benchmarking services. The aim is to strike a balance between ensuring scheme members receiving timely and meaningful information which adds value about the charges they bear, without placing unnecessary burdens on scheme trustees.

### Main provisions

The new measures cover a range of matters and the regulations have been amended accordingly for the revised provisions:

- Chair's statements prepared for a scheme year ending on or after 6 April 2018 will be required to set out the costs and charges for each default arrangement as well as for each alternative fund option which the member can select. Where a fund has 'bundled charges' because, for example, it is a lifestyle fund where charges vary depending on age, a range of charges can be given;

- Trustees are also required to provide an illustrative example (including £ and pence figures) of the compounding effect of the costs and charges affecting members' pensions savings;
- Certain sections of the chair's statement must be published, free of charge, on a website and be available for public consumption:
  - Content relating to the default investment strategy
  - Costs and charges information
  - Trustees' assessment of the extent to which charges and transaction costs represent good value for members
  - Scheme members must be provided with the website address in their annual benefit statement (the DWP suggest using cloud services or online tools if schemes do not have a website on which to publish the required information)
  - From 6 April 2019, schemes required to produce a chair's statement are required to disclose on request to members the top level of funds for which public information is available. The proposals are designed to help engaged members access information of funds' top holdings, how the asset managers select investments on the trustees' behalf and how they engage with the companies in which they invest. Trustees are also required to explain to members in their annual benefit statement that information about the funds in which they directly invest is available on request. Members will be limited to one request every six months and trustees must respond to such requests within two months.

# Improving disclosure: Costs and charges in defined contribution schemes (cont.)

## Improved value for members' assessments?

In order to facilitate disclosure, a matching duty on asset managers was required – this was addressed by the FCA in [Policy Statement 17:20](#) which took effect from 3 January 2018. The rules now require firms managing money on behalf of DC workplace pension schemes to disclose information about administration charges and transaction costs to the governance bodies of those schemes and provide appropriate contextual information.

Where schemes do not comply with a relevant legislative requirement by virtue of a failure to have regard to the regulations, TPR will consider taking enforcement action which includes the possibility of a financial penalty of up to £50,000.

# Protecting defined benefit pension schemes – The White Paper

**A tougher approach to come – changes proposed impacting the Regulator's powers, improving defined benefit scheme standards and consolidation of schemes**

In our [spring 2017](#) edition of Regulatory Round-Up, we discussed the green paper on [security and sustainability in DB schemes – DWP consultation paper](#). The Department for Work and Pensions ('DWP') have subsequently released their '[Summary of Consultation Responses](#)' and White Paper in March 2018 named 'Protecting Defined Benefit Pension Schemes'.

## Overview

The paper acknowledges that a tougher approach is required for employers who are either not meeting or avoiding their legal obligations. The Pensions Regulator (TPR) will be given increased powers to impose penalties and legal proceedings against those who are failing to adhere to the rules. In addition, TPR will clarify the rules and expectations for all schemes and businesses through a clearer, enforceable Defined Benefit Funding Code.

## Proposed changes:

- Strengthening the Pensions Regulator's powers
- Improving defined benefit scheme funding standards
- Consolidating schemes
- A stronger Pensions Regulator

The DWP recognises that they need to protect employers who abide by the rules to guard them from bearing the cost of the small minority of employers who shy away from their pension obligations. To prevent employers from avoiding or reducing their pension liabilities, the government will strengthen the Regulator's anti-avoidance powers. The government proposes:

- Making it a criminal offence for an employer to wilfully or grossly behave recklessly towards their pension responsibilities giving TPR the power to commence legal proceedings;
- Building on the current platform to support the disqualification of company directors;
- Giving TPR the power to impose fines and discipline employers who consciously put their pension scheme at risk;
- Strengthening the existing notifiable events framework and the need to report to the Regulator; and
- Trustees to be involved in some corporate transactions and the need to issue a 'Statement of Intent'.

## Scheme funding

The Defined Benefit Funding Code of Practice will be revised with the aim of improving decision-making and governance. New measures will be implemented to help employers optimise scheme funding whilst the Regulator will have a stronger ability to enforce defined benefit scheme funding standards. The White Paper suggests that this will be done by:

- Defining how prudence should be demonstrated when assessing scheme liabilities;
- Explaining what factors are appropriate when considering recovery plans;
- Ensuring a long-term view is considered when setting the statutory funding objective; and

# Protecting defined benefit pension schemes – The White Paper (cont.)

## Plans for increased awareness of and safeguards for consolidated schemes.

- Requiring the trustees of defined benefit pension schemes to appoint a chair who will be responsible for reporting to the Regulator via a chair's statement with the scheme's triennial valuation.

### Consolidation

The DWP hopes to raise awareness of current consolidation options as well as allowing new vehicles to enter the market by implementing appropriate safeguards for schemes by:

- Consulting this year on new forms of consolidation vehicles;
- Working on a new accreditation regime to help build confidence and encourage existing forms of consolidation;
- Working together with the Regulator to raise awareness of benefits of consolidation with trustees and sponsoring employers; and
- Considering changes to guaranteed minimum pensions ('GMP') conversion legislation.

### Next steps

Some of the new measures do not require any new legislation and can therefore be implemented quickly but to ensure that these new measures are effective, workable and proportionate, the DWP will need to undertake further consultations with key stakeholders. Where there is a need to introduce new legislation, these changes will not be introduced until 2019-20 at the earliest.

To read the full report, please [click here](#).

# IORP II – implementing improvements in governance

**Trustees should be aware of several new requirements within the IORP Directive which will impact scheme governance ...**

The IORP II directive came into force in January 2017 and must be in place in member states by 13 January 2019. It is expected that the Department for Work and Pensions (“DWP”) will outline its plans for UK adoption of IORP II during 2018 although time is running short. The additional governance burden for UK schemes is likely to rest on the willingness of DWP and the Pensions Regulator (“the Regulator”) to make use of the various IORP II references to proportionality.

The main features are as follows:

Overall, the emphasis is on better governance. Schemes must have a more formalised and effective system of governance which is proportionate to the nature, scale and complexity of their activities. The relevant article states that the system of governance shall include an ‘adequate, transparent organisational structure with a clear allocation and appropriate segregation of responsibilities and an effective system for ensuring the transmission of information. The system of governance shall be subject to regular internal review.’ This should be a familiar concept to UK pension schemes though more formal documentation may be required.

- Schemes must ensure that those who run them (inclusive of any outsourcing) and carry out key functions (defined below) are fit and proper, meaning:
  - as regards ‘fit’ – meaning that they have qualifications, knowledge and experience which is collectively adequate to enable them to ensure a sound and prudent management of the IORP.
  - as regards ‘proper’ – they are of good repute and integrity.

- Schemes must have a sound remuneration policy and this must be publicly disclosed.
- Schemes must have an effective risk-management system covering all risks, including those related to outsourced activities, which should be proportionate to the size, nature, scope and complexity of the scheme’s activities. The system will comprise strategies, processes and reporting procedures to identify, measure, monitor, manage and report on a regular basis the risks, at an individual and aggregated level to which they are or could be exposed, and their interdependencies. This should include investment, liquidity and concentration risk management and operational risk management. Environmental, social and governance considerations are now specifically required.
- Schemes must have an effective internal audit function to be assumed by a person or entity independent of the risk management and actuarial functions. There is also an expansion of the requirement to have an adequate internal control system. The requirement states that it should include ‘administrative and accounting procedures, an internal control framework, and appropriate reporting arrangements at all levels’. In addition, schemes are required to have contingency plans to ensure continuity and at least two persons who effectively run the scheme.



# IORP II – implementing improvements in governance (cont.)

**The Directive includes new and prescriptive requirements for an annual Pension Benefit Statement.**

- Schemes must perform an own-risk evaluation every 3 years and immediately following any significant change in the scheme's risk profile. The evaluation, which should be proportionate to the circumstances of the scheme, should include, inter alia, a description of how the own-risk assessment is integrated into the management process and the decision-making processes, assessments of the effectiveness of the risk-management system, the overall funding needs of the IORP and the risks to members in relation to benefit payments.
- Public disclosure of scheme accounts and statements of investment principles is required.

Three essential key functions, risk management, internal audit and actuarial activities are defined, each requiring written policies. These functions should be performed by people/entities different from those used by the sponsoring undertaking although it is possible for Member States to allow the scheme to use the same people if the scheme explains how it prevents or manages any conflicts of interest with the sponsoring undertaking. This is something that schemes will need to consider in making and managing adviser appointments.

There are also new rules relating to outsourcing; trustees remain responsible but must ensure the proper functioning of the outsourced activities through the initial selection process and ongoing monitoring of activities. There must also be a legally enforceable agreement and the regulator has the right to seek information about outsourced key functions at any time.

For pure DC arrangements, schemes will generally need to appoint one or more depositaries for safekeeping of assets.

In addition, IORP II includes new and prescriptive requirements for communications with members, prospective members and beneficiaries. One of the new communications requirements is for an annual Pension Benefit Statement to be presented to each member in a concise and accessible form and to include :

- Personal details
- Details of institution
- Indications regarding guarantees
- Contributions over the year – both employer and employee
- Details of charges
- Accrued benefits and capital
- Funding levels
- Where to go for further information

In conclusion, we can see that the IORP contains a variety of governance requirements some of which already exist in UK schemes but some will not for many, for example internal audit. DWP and TPR need to provide clarification and guidance on how the IORP will be implemented in the UK as a matter of urgency. We will monitor developments and revisit this topic in future editions of Regulatory Round - Up.

If you have concerns about how the requirements will impact your scheme, please contact your usual KPMG representative.



# The Pensions Regulator: 21 Century Trusteeship Campaign continues to gather momentum

*'We have set out our intention to be clearer, quicker and tougher. This campaign is one of the ways we are delivering this commitment and I would like to see all trustees visit the new campaign web page to ensure they are doing all they can to safeguard their members' benefits. "*

**Anthony Raymond, acting executive director for regulatory policy, TPR**

The 21st Century Trusteeship Campaign continues The Pensions Regulator's (TPR) aim to drive up standards of governance across all workplace pension schemes. The Campaign is part of its commitment to support schemes by being clearer and raising awareness about standards expected. TPR point out that it is not intending to place any additional burden upon trustees and scheme managers, but wants to provide support by being clearer on codes and standards and highlighting tools that are available for trustees to use.

Topics released to date by the watchdog cover a number of areas of scheme governance: Good governance, Clear roles and responsibilities, Clear purpose and strategy, Trustee training and improving your knowledge, Skills and experience and Advisers and service providers. The Regulator felt it necessary to raise awareness of the standards it expects as many trustee boards, particularly small and medium sized schemes, have failed to act on TPR's codes and guidance which has led to poor scheme governance. TPR have also produced guidance for trustees in sample board evaluation questions, helping trustees to assess how effectively their boards are structured. Areas covered include board effectiveness, behaviours and trustee knowledge and understanding.

Regular assessment of performance is important, as is taking steps to address any weaknesses. As trustees remain accountable for any tasks they delegate, they should retain sufficient oversight to ensure the scheme is operating effectively. Acting executive director of regulatory policy TPR, Anthony Raymond said it was the watchdog's intention to encourage trustees to take a more active role in managing and asking the right questions from third party administrators and advisers. TPR have highlighted that where standards are poor and where members' benefits are potentially at risk, it will consider taking enforcement action and become more vocal in how and when it will use its powers. For

many large schemes, much of the content of the communications will not necessarily mean any additional action as the principles of the guidance will already be embedded in their existing governance frameworks.

Recently, we have seen trustees fined for failing to produce audited accounts for two years in a row – the Regulator stating that such a failure can not only hinder the scheme valuation, but can also indicate wider governance failings. In addition, TPR has named and shamed trustees who failed to produce compliant chair's statements. This followed 49 mandatory penalty notices issued between October and December 2017 for failure for producing a chair's statement (*source: TPR Compliance and Enforcement Quarterly Bulletin October-December 2017*) – clear evidence that the watchdog will continue to push its 'clearer, quicker and tougher' regime.

With the recent announcement that TPR and the FCA are set to develop a joint pensions regulatory strategy which will outline how the two bodies are going to work together to tackle key risks facing the pensions sector in the next 5-10 years, governance and trustee board effectiveness remain key.

KPMG have prepared a short update on their expectations around trustee board effectiveness and how this compares to what we are seeing in practice, based on our most recent experience of running board effectiveness reviews for different schemes. We would also be happy to give you or your trustee board a more detailed insight into how other schemes are coping with TPR's '21<sup>st</sup> Century Trusteeship' Campaign. Please get in touch if you would like to find out more. :

**London: David Fairs, Natasha Ho**

**Midlands/North: Ellie Dobson**

**South: Mark Westmore**

# Professional trustees - Draft standards

*'...any person, whether or not incorporated, who acts as a trustee of the scheme in the course of the business of being a trustee.'*

(TPR definition)

In December 2017, the industry-led Professional Trustee Standards Working Group (PTSWG) published draft standards for professional trustees, following The Pension Regulator's (TPR) publication of the definition of a professional trustee in August 2017.

The standards are to apply to anyone falling within TPR's description of a professional trustee, including any subsequent amendments that may be made. The aim of introducing such standards are to improve the functioning of the market and improve pension scheme governance. Professional trustees will need to comply with the six areas of standards:

1. Fitness and propriety;
2. Integrity;
3. Expertise and care;
4. Impartiality and conflicts of interest;
5. Professional behaviour;
6. Systems and controls;

There are additional standards for scheme chairs (including how to lead, negotiate and achieve a consensus) and for those professional trustees who act as sole trustees (for example demonstrate appropriate mitigation of risks surrounding sole trusteeship and peer review of key decisions). The standards are to be applied on a 'comply or explain' basis; trustees will need to describe how they meet each standard, and if one or more standards are not met, then an explanation must be given. TPR have welcomed the standards which will help trustee boards to appoint the right professionals to help deliver good member outcomes.

The consultation ran to 2 March 2018 with final standards planned to take effect April or May 2018. Regulatory approval is not expected until later in the year. Once finalised, the PTSWG are to develop an accreditation framework which professional trustees will be expected to meet.

# Master Trust Authorisation and Supervision Regime

*"...tighter supervision of new master trusts will be ongoing until the regulator is satisfied."*

Kim Brown, TPR Head of Master Trusts

On 30 November 2017, the DWP [published its consultation](#) seeking views on draft regulations for the authorisation and supervisory regime for master trust schemes under the Pension Schemes Act 2017. On 19 March 2018, the [DWP published its response](#) to that consultation. The Pension Schemes Act 2017 introduced an authorisation and supervisory regime for master trusts; existing schemes and new schemes wanting to remain/join the master trust market will be required to be authorised by The Pensions Regulator (TPR). The aim of the new master trust regime is to ensure that members have equivalent protections to those members in other types of pension schemes; to proactively regulate the risks specific to master trust schemes; and to ensure that there is appropriate balance between preventing risks occurring and providing TPR with sufficient powers to intervene.

Authorisation will be a one off process with TPR maintaining a supervisory role.

The [Pension Schemes Act 2017](#) sets out five key tests against which master trusts will be assessed:

1. Persons involved in master trusts are fit and proper;
2. The scheme is financially sustainable;
3. The scheme funder must meet set requirements
4. The systems and processes used are sufficient to ensure the scheme is run effectively; and
5. The scheme has an adequate continuity strategy.

The Regulations set out in more detail how schemes must meet the five criteria above:

**Fit and Proper:** The Regulations state that persons running the scheme will be subject to:

- Integrity tests (which cover issues such as criminals sanctions and bankruptcy);
- A conduct requirement (where TPR will be allowed to look at past and future behaviours); and
- A competency test for scheme strategists and trustees.

**Financial sustainability requirement:** Master trusts should be set up with a sound business strategy, underpinned by robust financial planning and a strategy to manage any operational risks.

**Scheme funder requirements:** The scheme funder is to make a declaration in its annual accounts as to whether it is a going concern and whether it relies on scheme funding (if not already dealt with in the accounts) which the auditor will comment on as part of the standard. Sufficient financial information must be provided to enable TPR to make an "informed decision" about the schemes' financial security.

**Systems and process requirements:** The Regulations require that the administrative and governance systems and processes used in the running of the scheme are sufficient. Schedule 4 of the Regulations provides the detail behind the requirements and covers IT systems, member records, trustees, service providers, risk management, security, resource planning, investment and member communications.

**Continuity strategy:** A scheme is required to have adequate contingency plans and a strategy to protect members if a "triggering event" occurs (events that could put the future of the scheme at risk). Schemes must notify TPR of any "triggering events, submitting an implementation strategy and the Regulations set out detailed requirements that must be included in the document.

# Master Trust Authorisation and Supervision Regime (cont.)

*"The publication of our code of practice marks another important step towards establishing a market with stronger safeguards and which pension savers can have confidence in."*

Anthony Raymond, acting executive director for regulatory policy, TPR

Schemes have two options when such an event occurs:

1. Transfer the members and assets and wind-up the scheme; or
2. Resolve the triggering event.

Originally the DWP had set out two fee levels to cover the cost of authorisation. Following the consultation, these fees have been lowered: existing schemes are now to be charged £41,000 (previously £67,000) and new master trusts will face a charge of £23,000 (originally £24,000 proposed).

The Regulator is encouraging master trusts to apply for a "readiness review" – a voluntary draft application which can be submitted from May onwards. TPR will then feedback by 31 August on the quality of evidence submitted and any areas that need to be improved. However, TPR point out that this will not be an indication of the success of the application – that decision will be made when the formal application is submitted.

## Draft Code of Practice 15 – Consultation

On 27 March, The Regulator published its draft Code of Practice: [Authorisation and supervision of master trusts](#) which provides guidance on what is expected of master trusts applying for authorisation, and confirmed that new schemes will be subject to tighter supervision once authorised.

The 85 page document gives detailed guidance on the authorisation criteria and sets out indicators of what would be considered as adequate evidence that the Regulator will take into account as part of the authorisation process. The application for authorisation must be submitted in the required format – the application form will guide trustees through the information required to be submitted. If a master trust is not authorised, it cannot operate and will be required to wind up and transfer any


members it may have. The Code highlights the fact that master trusts must continue to meet the authorisation criteria on an ongoing basis and completion of a supervisory return is how TPR will monitor individual schemes. There is an assumption that those persons involved in the running of master trusts have a good working knowledge of existing legal requirements and TPR codes of practice.

At least six weeks' notice will be given to trustees to submit the return, the first one due after the master trust has been authorised for a year. Likely content of the return will be updates to the business plan, the annual chair's statement and any issues/changes to the master trust.

The Regulator must be made aware of any significant events – generally within 5 working days, and the focus will then be on whether the scheme continues to meet the authorisation criteria. Trustees will need adequate systems and processes in place to monitor and address such events. The Regulator has the power to take further action, including de-authorising a scheme if it is not satisfied with the trustees' response to such events. Significant events can include: changes to the statement of investment principles, changes to the business plan or failure of the business plan, inability to meet liabilities and a failure of systems and processes adversely affecting the security of data.

When a triggering event occurs TPR must be notified. The Code includes a table which sets out reportable events, the date the event occurs and whose responsibility it is to report to TPR. If a triggering event should occur, an implementation strategy should be in place to provide more detailed contingency measures. The Code sets out what TPR expects the implementation strategy to contain and actions to take when resolving a triggering event ( i.e. Option 2 of the Regulations, to continue running the scheme).

# Master Trust Authorisation and Supervision Regime (cont.)



The final section of the Code sets out the process for applying for authorisation. The application form must be completed and accompanied by detailed documentation which is listed in the Code and includes fit and proper disclosures, the master trust accounts, scheme funder accounts, statement of investment principles, business plan, continuity strategy, the latest chair's statement and details of systems and processes used or intending to be used to run the scheme.

(Source: TPR Draft Code of Practice 15 Authorisation and supervision of master trusts March 2018)

The Regulator plans to separately publish guidance to accompany the Code and the regime. This consultation also seeks to gain views on what should be included in guidance.

The government intends to lay draft regulations before Parliament in time to come into force on 1 October 2018. The consultation on the Code of Practice will run until 8 May 2018. Authorisation will commence on 1 October 2018 and existing schemes will have six months from that date to apply to TPR for authorisation.

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## Money Laundering

In our Autumn 2017 edition of Regulatory Round-Up, we discussed the implementation of the [Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) which came into force on 26 June 2017. On 31 October 2017, HMRC issued draft guidance to clarify occupational pension schemes registration requirements. Occupational pension schemes which pay 'Relevant UK taxes' in relation to the income or assets of the trust were required to register with HMRC's Trusts Registration Service ('TRS') by 5 March 2018.

The requirement to register in future years depends on whether the trust is already registered for Self-Assessment ('SA') for income tax or capital gains tax.

***Trusts already registered for SA:*** If the trustees of the trust have incurred a relevant UK tax, then the trust must register with the TRS by [31 January](#) after the end of the tax year

***Trusts not registered for SA:*** If the trust has incurred either income tax or capital gains tax for the first time, then the trust must register with the TRS by [5 October](#) after the end of the tax year

If the trust has incurred another relevant UK tax, then the trust must register with the TRS by [31 January](#) after the end of the tax year

The guidance from HMRC also clarifies exactly what information pension scheme trustees are required to hold about all the beneficial owners (the settlor, the trustees, the members and beneficiaries, and any other person who has effective control over the scheme) of the scheme.

For further information, please review the [draft guidance](#).

HMRC expects trustees to reference the draft requirements document to determine if any additional steps are required to comply with the regulations. Failure to do so could result in trustees breaching the regulations and facing criminal and civil penalties and reputational damage for employers.

Action points for trustees include:

- Identifying what taxes the scheme pays to determine if TRS registration is required;
- Read the draft guidance provided by HMRC;
- Ensure the beneficial owner data is accurate and up to date in line with the draft guidance; and
- Corporate trustees should be ready to respond to any Customer Due Diligence enquiries with beneficial ownership information.

## VAT Update – PPG

As noted in previous editions of Round-Up, several alternative solutions were proposed relating to recovery of VAT on pension scheme administration and investment management fees. HMRC have now issued what is expected to be their final guidance on this subject. Several options including VAT grouping, tripartite agreements and passing costs onto the scheme are available. A further permissible option is the continued use of the 30/70 split policy.

# News in brief (cont.)

## Environmental, social and governance factors

Environmental, social and governance factors (ESG) and socially responsible investments (SRI), which feature in IORP II, continue to gain prominence and we are likely to see more focus on the impact on pension funds over the coming year. According to the January 2018 Edition of the Pensions and Lifetime Savings Association (PLSA) *Viewpoint*, climate change has profound consequences for pension funds' investments. The Association have published new guidance and recommend trustees include climate change expertise on board membership and review how asset managers consider climate change in their investment decision.

In March, the Environmental Audit Committee wrote to the UK's 25 largest pension funds in order to understand their investment strategies around environmental risks. Schemes had until 28 March to respond.

In the government's interim response to the Law Commission's report: *Pension Funds and Social Investment (Law Comm No 374)* it stated that it is intending to consult on requiring trustees to state their policies in the scheme's statement of investment principles in relation to;

- "evaluating risks to an investment in the long term, including risks relating to sustainability arising from corporate governance or from environmental or social impact";
- "considering and responding to members' ethical and other concerns"; and
- stewardship (if any).

## Auto Enrolment Update

Following the [Automatic enrolment Review 2017](#), the Department for Work and Pensions has announced their decision to align the Automatic Enrolment earnings triggers with the National Insurance Lower and Upper Earnings Limits for tax year 2018/19. The proposed new earning limits that will trigger Auto Enrolment are as follows: Lower Earning Limit £6,032 (currently £5,876) and Upper Earning Limit £46,350 (currently £45,000). The automatic enrolment earnings trigger will remain at £10,000. Further information can be found [here](#).

### Looking into the future of Auto-Enrolment

Plans were announced to lower the age threshold from 22 to 18 to encourage and enable more young people to begin to save for their retirement. In addition, there are plans to remove the lower earnings limit so that contributions are calculated from the first pound earned. This is aimed at supporting those with low earnings and multiple jobs so that everyone will have access to a workplace pension and an entitlement to an employer contribution. A formal consultation is due to take place in due course. However, these changes are not expected to come in to force until mid-2020. To read the Department of Work and Pensions Analytical Report, please [click here](#).



# News in brief (cont.)

## GDPR

The GDPR will become effective in the UK on 25 May 2018. The Regulation impacts a range of trustee activities including demonstration and evidencing of accountability for compliance and ensuring the adequacy of relevant processes and procedures. The key themes of the GDPR will be carried forward into UK law on Brexit through The Data Protection Bill 2018, which is currently progressing through Parliament.

With the date of application of the GDPR just around the corner, trustees will necessarily be thinking about their scheme's readiness to take on the revised requirements. [Useful guidance](#) is available from the ICAEW with a Q&A for scheme trustees soon to follow. In addition, the Information Commissioners Office has issued [checklists](#) to guide data users through GDPR compliance.



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