



Independent Trustees



Briefing note – March 2014

Overview

New disclosure of information regulations – which apply to both trust-based (occupational) and contract-based pension schemes – are effective from 6 April 2014. Although the changes are not significant there are some new requirements, which mean all schemes should review their communications to ensure they are providing members with all the information they should be.

Member communications: new information requirements come into force

What's changing?

The new disclosure of information requirements, which come into force on 6 April 2014, are broadly similar to those that applied before. However, the new regulations aim to **simplify, consolidate and harmonise the information that needs to be communicated to members across all types of workplace pension scheme**. This means the new rules will apply to both trust-based schemes and contract-based arrangements, such as group personal pensions.

When an individual first joins a scheme, there are up to 16 key pieces of information that must be provided. These are outlined in the 'Basic scheme information checklist' provided at the end of this briefing note, and would usually be given in the scheme booklet or joining information pack.

The key changes being introduced are:

- **If your scheme uses lifestyling, you must now provide certain information about it when a member joins and again 5 and 15 years prior to retirement.** This must include an explanation of lifestyling, and its advantages and disadvantages, as well as information about when the lifestyling process will start.
- **Increased flexibility around statutory money purchase illustrations (SMPIs) and benefit statements.** This allows SMPIs to be more tailored to an individual member's circumstances, and there is no longer a requirement for them to be sent automatically to members in an auto-enrolment opt out period or where no contributions have been paid.
- **Clarification that electronic communications are acceptable** – all required information may be disclosed via email or on a website, as well as by post or by hand. However, **you do need to be satisfied that any electronic communication has been designed to enable the member receiving it to access it and store or print it**, should they wish to. You may also need to notify members where you are using a website to provide information.

What do you need to do?

Trustees and scheme managers should **review current scheme documentation and communication plans** to identify whether any changes are needed, or would be beneficial. You need to be sure that any information provided to members regarding lifestyling meets the new requirements with effect from 6 April 2014.

Trustees should ask their administrators for details of any changes made to their processes and documentation as a result of the new regulations to ensure that they are comfortable with them and that they meet requirements. Trustees remain responsible for ensuring information and documents are provided in line with the regulations, whether they give the information directly or indirectly through a third party.

Even if you do not have to make any changes in order to comply with the new rules, it may be valuable to review communications to ensure they are as effective for members as possible. For example, **the new, more simplified requirements mean that many scheme booklets can be streamlined and refocused** by removing unnecessary information.



Basic scheme information checklist	
1	Eligibility conditions and a summary of the categories of eligible people.
2	How to join the scheme.
3	A summary of how employer and member contributions are calculated.
4	Information about benefits payable under the scheme: <ul style="list-style-type: none">• what they are• how they are calculated and/or the rate at which they accrue (if appropriate)• definition of pensionable earnings (if appropriate)• the conditions on which, and when, they are payable (including survivor's benefits)• how and when they are increased once in payment (if appropriate)
5	Where the member has money purchase (defined contribution) benefits, a statement that their pension will depend on factors such as contributions paid, investment performance and the cost of buying an annuity.
6	Where the scheme uses lifestyling, a statement explaining what it is, its advantages and disadvantages, and when the lifestyling process starts.
7	A statement explaining whether transfers can be made into the scheme.
8	The arrangements for paying additional voluntary contributions (AVCs), if applicable.
9	The length of any period of notice required for a member to terminate pensionable service.
10	A summary of what happens when a member leaves pensionable service before normal retirement age, whether any charges will be made and how to get further information.
11	Whether, and if so on what conditions, a member who previously left the scheme may re-join.
12	A statement about whether the scheme is tax registered.
13	An explanation of which relevant employment is and which is not contracted-out employment (where applicable).
14	A statement that: <ul style="list-style-type: none">a) the Pensions Advisory Service is available at any time to assist members and beneficiaries with pensions questions, and issues they have been unable to resolve with the trustees or managers of the schemeb) the Pensions Ombudsman may investigate and determine certain complaints or disputes about pensions that are referred to the Ombudsman in accordance with the 1993 Actc) the Pensions Regulator may intervene in the running of schemes where trustees, managers, employers or professional advisers have failed in their duties.
15	A statement that the scheme annual report will be given on request.
16	The scheme's internal dispute resolution arrangements, including the postal or electronic address and job title of the person who should be contacted to use those arrangements.

The checklist on the next page details the 16 pieces of basic scheme information that must be provided to members.

Find out more

If you have any questions about the new member communication requirements, please contact Kathy Trusler.



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