

Guide to retirement communications



Ed Miliband

The Pensions Regulator has published a draft guide for trustees, administrators and advisers of occupational pension schemes that provide flexible benefits (DC including AVCs and cash balance benefits) on changes to the disclosure regulations in relation to retirement communications.

From 6 April 2015, where the disclosure regulations apply, trustees must automatically tell affected members how to access the new government service Pension Wise. This must be at least four months before the member reaches their normal retirement date or, if the member is over or within four months of minimum pension age (currently 55), when there is contact with them about taking their flexible benefits. In addition to signposting Pension Wise, the member must also be given information about the options available to them within the scheme, and potentially from other pension providers if they were to transfer.

The guidance includes generic risk warnings on the four main retirement options (annuity, flexi-access drawdown, lump sums at different stages and cashing in the whole pot) which the regulator suggests should be sent at the point the member is required to make a final decision about how to take their retirement benefits (i.e. later than the initial information). The member should also be asked to confirm whether they have received Pension Wise guidance or regulated advice and that they have read the generic risk warnings.

Company news

The chairman of the consortium that has bought BHS for £1 has said that the retailer's pension fund is the biggest challenge facing the company. The fund is reported to have a deficit "significantly higher than £100m" with the company currently paying contributions of £10m per year.

Unions at Tata Steel are to ballot workers on industrial action over plans to close the company's final salary scheme and replace it with a defined contribution scheme. The move would affect around 17,000 workers.

The Pensions Regulator has banned two individuals and a trustee company, Avalon Pension Trustees Limited, from acting as pension trustees, following a pension scams investigation.

This Update should not be relied upon or taken as an authoritative statement of the law. For more information, please contact us using the details shown.

"Constant chipping away of tax relief undermines faith in the system and erodes the belief that saving for old age is appropriate"

David Fairs, ACA Chairman

