

## Data Protection

A new General Data Protection Regulation (GDPR) was adopted by the European Union on 24 May 2016 which will replace the Data Protection Act 1998 from 25 May 2018. The likely timeframe for Brexit means this will apply to the UK and is likely to have a significant impact on pension scheme trustees and service providers. Some of the key changes are;

- significant increases in fines for breaches
- data processors directly liable (not just data controllers)
- more focus on ensuring individuals are given clear information as to what is done with their data (via privacy or fair processing notices) and, where consent is required, a clear explanation as to what the individual is consenting to
- requirement to keep full records regarding the processing and sharing of personal data
- requirement to notify the Information Commissioner of breaches that may cause a risk to individuals
- ensure that data transferred outside of the European Economic Area (EEA) is adequately protected

### To do...

Trustees are advised to take action now in preparation for GDPR:

1. Ensure new and existing contracts with service providers incorporate the mandatory requirements of GDPR, including adequate limitation of liability provisions.
2. Review privacy notices to members and revise, if necessary, to include the information required by GDPR
3. Put in place a procedure for data breaches

## IORP II (EU directive for Institutions for Occupational Retirement Provision)

The text for IORP II has been finalised and is due to be approved at the end of the year. After approval, member states will have two years to introduce the provisions into national law. This will include the UK as the original directive is part of the European Economic Area (EEA) agreement.

The main focus of the directive is on the governance and transparency of pension schemes with a greater emphasis placed on risk management. Plans to introduce a solvency based funding regime, and requirements for trustees to hold professional qualifications, were dropped during negotiations.

## Secondary Annuity Market Scrapped

Plans to introduce a secondary annuity market have been scrapped by HM Treasury due to concerns that there is no guarantee consumers would get good value for money in a "small and limited market".

## PPF Compensation Cap and Long Service

The upper limit on the level of PPF compensation paid to a member (the PPF Compensation Cap) for 2016/17 is £33,678 pa at age 65.

Currently the PPF Compensation Cap depends only on a member's age. The Pensions Act 2014 introduced measures to increase the cap by 3% for each full year of pensionable service above 20 years subject to a maximum of twice the standard compensation cap. The change is expected to come into force from 6 April 2017.

## 2017/18 PPF Levy

Consultation on the 2017/18 PPF levy has closed and the policy statement and final determination is due in December. This is the final year in the current triennium and so the calculation method remains largely unaltered from last year. The total levy bill is held at £615m (the same as last year).

A mechanism has been proposed for companies to notify Experian if the move to FRS102 causes an artificial movement in levy rating.

The PPF published an update on the areas they plan to review for the next triennium on 28 July 2016. Further details to follow.

## 21st Century Trusteeship

The Pensions Regulator has published a discussion paper highlighting the challenges faced by trustees in the 21st century with regards to scheme governance and administration. Some of the questions raised in the paper include:

- Should a chair of trustees meet minimum standards?
- Should new trustees be required to pass all relevant modules in the trustee toolkit within six months?
- Should trustees be required to have qualifications / continual professional development?

The paper mentions the regulator's plans to increase its focus on educating and supporting trustees, paying particular attention to disengaged trustees and the trustees of poorly performing schemes.

Quattro Pensions will be holding a trustee toolkit training session on 15 March 2017. Further details to follow. Please speak to your usual contact at Quattro if you are interested in attending.

## DC Code of Practice

The Pensions Regulator's updated code of practice, "Governance and administration of occupational trust based schemes providing money purchase benefits", came into force on 28 July 2016. The code is accompanied by six best practice guidance notes to help trustees run a high quality scheme.

The regulator has not given specific guidance on defined contribution AVC arrangements within defined benefit schemes but encourages trustees to adopt a proportionate approach taking into account the significance of the value of AVCs relative to members' overall benefits.

## Autumn Statement in Brief

- the "triple-lock" on the state pension is protected until 2020
- the money purchase annual allowance is to be reduced to £4,000 with effect from April 2017 for employees who access their pension pots early
- plans to ban cold callers targeting pensions in an attempt to tackle pension scams
- tax savings on salary sacrifice arrangements relating to pensions escape the axe

## Enforcement Action for BHS

The Pensions Regulator formally started enforcement action on 2 November to seek redress on behalf of the BHS pension schemes. Several "Warning Notices" have been sent, including one to Sir Philip Green, setting out the arguments and evidence as to why tPR believes each respondent should be liable to support the schemes following the sale of the business in March 2015 and its subsequent insolvency.

## Recovering VAT on Pension Scheme Costs

HMRC has extended the transitional period to 31 December 2017, during which pension schemes can continue to use the existing VAT rules. Further guidance from HMRC is expected in due course.

Don't Forget...

tPR Scheme Returns

DB and hybrid schemes will soon be required to complete this year's scheme return. There are some new questions this year. More details can be found on the regulators website :

[www.thepensionsregulator.gov.uk/trustees/db-hybrid-scheme-return.aspx](http://www.thepensionsregulator.gov.uk/trustees/db-hybrid-scheme-return.aspx)

### Find Out More

Please speak to your usual contact at Quattro Pensions. Our contact details can be found in the footer below.

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