

Response form 5

The 'Communications and disclosure' section of the new code of practice

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Information to members

General principles for member communications (CAD001)

This module covers the main principles we expect governing bodies to comply with when meeting their legal obligations to communicate with members.

The law details when governing bodies must communicate with their members, the information they must provide and the timescales for providing the information.

For example, governing bodies must provide basic scheme information to members who do not already have it and to prospective members where practicable. Anyone else with an interest in the scheme should be given the information on request. Basic scheme information should include how contributions are determined and the terms and conditions of scheme membership.

Where the member is being automatically enrolled, this information must be provided within one month of the governing body receiving information about the jobholder. Otherwise, governing bodies have up to two months to provide the required information to a new member (from date of joining) or an existing member (from date of request).^{GE1}

Other information governing bodies are required to provide to members can be found in the following modules:

- [Statutory financial statements \(DC\)](#)
- [Statutory financial statements \(DB\)](#)
- [Statutory financial statements \(PSPS\)](#)
- [Retirement information](#)
- [Transfers](#)

GE1 Regulation 6 of The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 6 of The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

When preparing communications to members, the governing body should:

- ensure that all communications sent to members are accurate, clear, concise, relevant and in plain English
- regularly review member communications, taking account of member feedback
- when deciding on the format of communications and information to be published, consider any technology that may be available to them and appropriate for their members
- consider using various communication methods, including accessible online content, audio, Braille, large font, and languages other than English
- regularly inform members of the impact their contributions will have on their overall benefits
- provide any additional information or explanation that members may need to help them make informed decisions about their benefits

Questions for: General principles for member communications (CAD001)

GEQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

GEQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

GEQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

GEQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

GEQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Statutory financial statements (DC) (CAD003)

Governing bodies of schemes providing DC benefits must provide their DC members with annual benefit statements.^{SDC1} When drafting annual benefit statements, governing bodies should follow the principles set out in [General principles for member communications](#). Governing bodies can also find further information on communicating with members in our [Communicating and reporting guide](#).

The governing bodies must:

- issue the annual benefit statement to members within 12 months:
 - for occupational pension schemes, the end of the scheme year, and
 - for personal pension schemes, the anniversary of the date the person first joined the scheme (or contributions were credited to them, if later)
- detail the contributions credited (before deductions) to the member in the relevant year to which the benefit statement relates
- include the value of the member's benefits under the scheme (as at a date specified by the governing body)
- provide the cash equivalent transfer value^{SDC2} if different from the value above
- where required by legislation,^{SDC3} include a statutory money purchase illustration, ie an illustration of what the member's pension may be at retirement
- where required by legislation,^{SDC4} provide details of how the member may obtain information about pooled funds
- include details of where to find information online that governing bodies are required to publish^{SDC5}

SDC1 Regulation 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

SDC2 Calculated in accordance with sections 97 and 101I of the Pension Schemes Act 1993 in the case of an occupational pension scheme, or regulations 3 and 4 of the Personal Pension Schemes (Transfer Values) Regulations 1987, in the case of a personal pension scheme. [Calculated in accordance with Articles 93 and 97I of the Pension Schemes (Northern Ireland) Act 1993 in the case of an occupational pension scheme, or regulations 3 and 4 of the Personal Pension Schemes (Transfer Values) Regulations (Northern Ireland) 1987, in the case of a personal pension scheme.]

SDC3 There are certain exceptions to the requirements to provide this information see Paragraph 6 of Regulation 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [There are certain exceptions to the requirements to provide this information see Paragraph 6 of Regulation 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014.]

SDC4 Paragraph 5A of Schedule 6 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Paragraph 5A of Schedule 6 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

SDC5 Paragraph 5B of Schedule 6 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Paragraph 5B of Schedule 6 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014].

Governing bodies should present contributions information to members in an accessible, transparent form so the member is able to check they are receiving the contributions they are due. This may include information on:

- the contributions received by the scheme after tax relief
- the percentage of pensionable pay due for employer and member contributions
- pensionable pay information, where held
- the dates contributions were due and paid
- charges or commission taken before or after payment to the scheme

Glossary

Contributions

Money paid into the scheme. This may come from members in the form of regular or additional contributions, or from employers.

Questions for: Statutory financial statements (DC) (CAD003)

SDCQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

SDCQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

SDCQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

SDCQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

SDCQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Statutory financial statements (DB) (CAD011)

Governing bodies of DB pension schemes must, unless they are exempted from doing so,^{SDB1} provide their members and beneficiaries with a summary funding statement within a reasonable period of finalising any actuarial report or actuarial valuation.^{SDB2}

We expect that, in most cases, a period of three months is reasonable. Governing bodies of DB pension schemes must also issue benefit statements to members on request.^{SDB3}

When drafting these statements, governing bodies should follow the principles set out in [General principles for member communications](#). Governing bodies can also find further information on communicating with members in our [Communicating and reporting guide](#).

We have set our expectations below. These expectations relate to information about DB benefits in the scheme. Any scheme providing DC benefits, for example through additional voluntary contributions, should ensure the requirements in [Statutory financial statements \(DC\)](#) are also met.

SDB1 Regulation 15 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 15 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

SDB2 See regulation 15 of, and schedule 4 to, the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [See regulation 15 of, and schedule 4 to, the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

SDB3 Regulation 16 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 16 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

Summary funding statements

The governing body must include within the statement:^{SDB4}

- a summary of the extent to which the scheme assets are adequate to cover the technical provisions based on the latest available actuarial valuation
- an explanation of any changes in the funding position from the previous statement
- the actuary's estimate of solvency as set out in the latest valuation
- a summary of any recovery plan in force
- a statement explaining the following, including a summary of any applicable circumstances. Whether the scheme:
 - a. has been modified under section 231(2)(a) of the Pensions Act 2004 (the 2004 Act)
 - b. is subject to directions under section 231(2)(b) of the 2004 Act
 - c. is bound by a schedule of contributions by us under section 231(2)(c) of the 2004 Act
- a statement explaining any surplus payment to the employer, and the amount of that payment

Benefit statements

The governing bodies must:

- issue a benefit statement to members as soon as possible following a request being made, and within two months
- include the information required by legislation^{SDB5}

SDB4 Schedule 4 to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Schedule 4 to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

SDB5 Regulation 16(2) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 16(2) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

Glossary

Additional Voluntary Contributions

Known as AVCs, an additional employee contribution paid into the scheme in return for additional benefits

Recovery plan

A payment plan for the scheme employer or employers, put in place to enable a defined benefit scheme to be funded on the minimum statutory basis

Questions for: Statutory financial statements (DB) (CAD011)

SDBQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

SDBQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

SDBQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

SDBQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

SDBQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Statutory financial statements (PSPS) (CAD012)

Scheme managers of public service pension schemes must provide all active members with an annual benefit statement.^{SPS1} They may also be required to provide a benefit statement to certain types of member on request.^{SPS2} They must also provide annual benefit statements to deferred members of the scheme where this is required by scheme regulations.

When drafting annual benefit statements, scheme managers should follow the principles set out in [General principles for member communications](#). Governing bodies can also find further information on communicating with members in our [Communicating and reporting guide](#).

Annual benefit statement requirements for scheme managers of public service pension schemes

For active members of DB schemes, scheme managers must:

- include a description of the benefits earned by a member during their pensionable service^{SPS3}
- issue the annual statement by no later than 31 August of the year following the period to which the statement relates
- comply with any HM Treasury directions in terms of any other information that must be included and the way it must be provided to members

For active, deferred, or pension credit members of any DB scheme, scheme managers must:

- provide a benefit statement following a request if the information has not been provided to that member in the previous 12 months
- issue a benefit statement as soon as possible following a valid request being made, and within two months
- include the information required by legislation^{SPS4} in any benefit statement

SPS1 Section 14(1) of the Public Service Pensions Act 2013. [Article 14(1) of the Public Service Pensions Act 2014]

SPS2 Regulation 16 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 16 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

SPS3 Section 14(2)(a) of the Public Service Pensions Act 2013. [Section 14(2)(a) of the Public Service Pensions Act 2014]

SPS4 Regulation 16(2) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 16(2) of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

For members with DC benefits, scheme managers must:

- provide a benefit statement to every member within 12 months of the end of the scheme year
- include the information required by legislation^{SPS5} in any benefit statement. See also [Statutory financial statements \(DC\)](#).

SPS5 Regulation 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 17 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

Questions for: Statutory financial statements (PSPS) (CAD012)

SPS1Q1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

SPSQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

SPSQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

SPSQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

SPSQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Retirement risk warnings and guidance (CAD004)

Members with a DC or cash balance pension pot have a variety of options for taking retirement benefits. There are no restrictions on the amount they can withdraw as cash, though there may be potentially significant tax implications. Depending on the scheme's rules, a member may not be able to access their chosen flexible benefits directly from the scheme. They may need to transfer to another arrangement to gain access to the full range of options.

When providing members with information about retirement options for their DC or cash balance benefits, the law requires certain information on guidance and risk warnings to be provided to members:

Governing bodies must:

- in certain circumstances,^{RT1, RT2, RT3} provide a statement informing members about the free and impartial government guidance service
- ensure the statement recommends the member accesses the government's guidance service and that they consider taking independent advice
- where contact is made by either the member or the governing body about what the member may do with their DC or cash balance benefits, provide the above statement about relevant guidance (and any additional statement where required). The statement(s) may be given verbally unless requested in writing.^{RT4}
- identify any circumstances where there is a requirement to provide the information to individuals other than the member (eg beneficiaries)

Governing bodies should:

- make members aware of their right to transfer their benefits to another scheme at any age, to access their benefits in a variety of different ways
- ensure all communications issued to members about their retirement options clearly set out what they need to consider to make an informed decision about their benefits. See also [General principles for member communications](#).

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- RT1 Regulations 18A to 20 Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Regulations 18A to 20 Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2013].
- RT2 Part 1, Schedule 10 Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Part 1, Schedule 10 Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2013].
- RT3 Regulation 18B Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Regulation 18B Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2013].
- RT4 Regulation 18B(3) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Regulation 18b(3) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2013].

Where scheme members with DC or cash balance benefits are approaching retirement:

Governing bodies must:

- issue retirement information to members setting out the options available on accessing their retirement savings within the scheme. The information must include either:^{RT5}
 - the Money Advice Service guide ‘Your pension: your choices’ (or any replacement that is prepared or approved by us)
 - a statement that gives materially the same information
- provide certain ‘risk warnings’ to members when providing the member with an application form or another way to access their benefits (some exceptions apply).^{RT6} The risk warning statement must:
 - contain information about the options available to members in respect of their benefits and the risks associated with each,^{RT7} or
 - provide personalised risk warnings tailored to the member’s circumstances.
- highlight in the risk warning statement the importance of reading the warnings and accessing pensions guidance or independent advice.^{RT8}

Governing bodies should:

- ensure that communications containing risk warnings clearly articulate the risks associated with each of the different options available to the member, and clearly draw the member’s attention to those risks
- continue to communicate with members who remain in the scheme who have flexibly accessed some or all of their pension using options offered by the scheme, as appropriate.

RT5 Paragraph 14, Part 3, Schedule 7 Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Paragraph 14, Part 3, Schedule 7 Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2013].

RT6 Regulation 19A Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Regulation 19A Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2013].

RT7 Regulation 19A(6) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Regulation 19A(6) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2013].

RT8 Regulation 19A(4) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. [Regulation 19A(4) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2013].

Glossary

Annuity

A specific type of insurance policy, which can be purchased to secure an income for life at retirement

Beneficiary

A person who benefits from a pension trust

Flexible benefits

Pension benefits that may be drawn from a scheme and used for purposes other than purchasing an annuity

Questions for: Retirement risk warnings and guidance (CAD004)

RTQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

RTQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

RTQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

RTQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

RTQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Short service refunds (CAD016)

Individuals automatically enrolled into a pension scheme, who opt out within one month have their contributions returned, less tax. This is not a refund of contributions.

The rules of a DC scheme may permit a refund within 30 days of pensionable service starting. However, there is no statutory right to a refund of contributions where a member's benefit is entirely DC. It is not possible to pay a refund once a DC member has 30 days pensionable service. The member will normally be entitled to preserved benefits or a transfer to another scheme on leaving service.^{SO1}

Members of DB and hybrid schemes with less than two years' service may have an entitlement to a refund of contributions. They may instead receive preserved benefits where, for example, allowed by the scheme rules or where the member has transferred benefits into the scheme.^{SO2}

Any member with an entitlement to a preserved benefit in a scheme must receive a statement of their benefits when they leave service (see also Statutory financial statements (DC, DB or PSPS as appropriate)).

Where a member has a right to a refund, the governing body must provide them with a written notice containing the information required by legislation.^{SO3}

The governing body should provide this information within three months of the date the member left service. Governing bodies should advise members where it is likely to take more than three months to provide the information.

The governing body should give members^{SO4} three months to reply and can, at their discretion or if a member asks, extend this deadline. Where the member does not respond the governing body may arrange to pay a refund after a further month.

SO1 Section 101AA Pension Schemes Act 1993 [Section 97AA Pensions Schemes (Northern Ireland) Act 1993]

SO2 Section 101AB Pension Schemes Act 1993 [Section 97AB Pensions Schemes (Northern Ireland) Act 1993]

SO3 Section 101AC Pension Schemes Act 1993 [Section 97AC Pensions Schemes (Northern Ireland) Act 1993]

SO4 Section 101AD Pension Schemes Act 1993 [Section 97AD Pensions Schemes (Northern Ireland) Act 1993]

A scheme member can inform the governing body of their choice in any way considered acceptable by the governing body, or set out in scheme rules or regulations. The governing body should carry out the member's wishes within three months of receiving them.^{SO5} The governing body can extend this period in exceptional circumstances. The governing body should make payment of any refund requested directly to the member.

Leaving schemes that are being wound up

If an active member has between three months' and two years' pensionable service and no vested rights when a scheme commences wind-up, they will only have an entitlement to a refund of their own contributions (if any).^{SO6} They will not have the option to take a cash transfer sum. The governing body should take steps to pay the refund within one month.

If a member leaves a scheme but wind-up starts after they have left, they still have the option to take a cash transfer sum. The transfer value may be reduced or increased in accordance with legislation (even after the member has replied to the governing body) before the transfer is made.

SO5 Section 101AG Pension Schemes Act 1993 [Section 97AG Pensions Schemes (Northern Ireland) Act 1993]

SO6 Regulation 5 Occupational Pension Schemes (Winding up, etc.) Regulations 2005 [Regulation 5 Occupational Pension Schemes (Winding up, etc.) Regulations (Northern Ireland) 2005]

Glossary

Cash equivalent transfer value

The cash value of pension benefits, this value often fluctuates, is typically provided as at a certain date and can be guaranteed for a certain period.

Contribution

Money paid into the scheme. This may come from members in the form of regular or additional contributions, or from employers as regular or deficit related contributions.

Preserved benefits

Benefits held in the scheme for a beneficiary who is not currently in active service in relation to those benefits

Vested rights

Benefits that can be preserved in a pension scheme in the event of a member leaving active membership

Questions for: Short service refunds (CAD016)

SOQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

SOQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

SOQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

SOQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

SOQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

SOQ6:

This module refers to the underlying legislation extensively. Does it provide enough information on the legislative requirements and our expectations?

Chair's statement (CAD008)

Basic principles of the chair's statement

The law requires certain governing bodies of DC occupational pension schemes to prepare a chair's statement within seven months of the end of each scheme year. Compliance with this requirement must be declared on the scheme return sent to us each year. In the chair's statement, governing bodies must describe and explain how they have met certain legislative governance standards.^{CH1}

We expect governing bodies to ensure the statement is written using the principles set out in [General principles for member communications](#) and that it provides clear details about how they comply with governance standards.

The law requires the chair to sign the statement on behalf of the governing body.

Failure to produce a statement signed by the chair that meets the requirements set out in the legislation will result in an automatic penalty of between £500 and £2,000,^{CH2} which the governing body will be personally liable to pay.

As a matter of good practice, governing bodies may wish to document actions as they occur and to hold evidence of any actions described within the statement. Further details on the information that must be included on the chair's statement can be found in the chair's statement section of our [Communicating and reporting guide](#).

Making the chair's statement available

Governing bodies must make the statement available upon request as part of the scheme report and accounts. Certain parts of the statement must be publicly available, free of charge, on a website. We have set out below the areas that must be published online. However, in many cases it will be appropriate for governing bodies to publish the statement online in its entirety.

CH1 Regulation 23 Occupational Pension Schemes (Scheme Administration) Regulations 1996 [Regulation 23 Occupational Pension Schemes (Scheme Administration) Regulations (Northern Ireland) 1997]

CH2 Regulation 28(4)(b) Occupational Pension Schemes (Charges and Governance) Regulations 2015 [Regulation 28(4)(b) Occupational Pension Schemes (Charges and Governance) Regulations (Northern Ireland) 2015]

Parts of the statement that must be published online:^{CH3}

- the statement of investment principles for the default arrangement, and the information set out in the chair's statement around the review of those arrangements
- the level(s) of charges and transaction costs paid by members for each default arrangement and fund that members are able to select
- the 'illustrative examples' included in the statement that show the effects of charges and transaction costs on members' accrued rights
- details of any unavailable transaction costs and steps being taken to obtain that information in future
- the explanation of the assessment of whether the scheme represents good value for members

CH3 Regulation 29A(2) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 29A(2) Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

Questions for: Chair's statement (CAD008)

CHQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

CHQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

CHQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

CHQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

CHQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Scams (CAD005)

Under section 249A of the Pensions Act 2004,^{SM1} governing bodies of certain schemes must establish and operate an effective system of governance (see [Scheme governance](#)) including internal controls. However, there are certain exemptions.^{SM2}

Under section 249B of the Pensions Act 2004, scheme managers of public service pension schemes^{SM3} are required to establish and operate internal controls, which are adequate for the purpose of securing that the scheme is administered and managed in accordance with the scheme rules,^{SM4} and with the requirements of the law.

As part of their internal controls, governing bodies should ensure that they take appropriate steps to mitigate the risk of scams.

Governing bodies should be aware of the warning signs of a scam and consider whether any are present when dealing with transfer requests (see [Transfers](#)) and requests for early retirement.

When members ask to transfer out of a scheme, the governing body should carry out due diligence on the scheme to which the member wishes to transfer, to check whether the transfer can legally be paid. This includes checking whether the scheme is registered with HM Revenue and Customs for tax purposes, and potentially obtaining professional advice on their obligations.

Governing bodies should take steps to ensure their members are aware of the risks of pension scams. They may do this by including clear information on how to spot a scam in all relevant communications to members, including within standard communication materials such as the retirement wake-up pack and in annual benefit statements. Scams warning messages may also be placed on the scheme's website.

The Pension Scams Industry Group (PSIG) Code of Good Practice is a helpful tool for governing bodies looking to protect members from scams.

Further information can be found under the [Scams](#) section of our website.

SM1 Articles 226A of the Pensions (Northern Ireland) Order 2005.

SM2 Section 249A(3) of the Pensions Act 2004 [Article 226A (3) of The Pensions (Northern Ireland) Order 2005]

SM3 As defined in in section 318(1) of the Pensions Act 2004 [Article 2(2) of The Pensions (Northern Ireland) Order 2005]

SM4 As defined in Section 318(2) of the Pensions Act 2004 [Article 2(3) of The Pensions (Northern Ireland) Order 2005]

Questions for: Scams (CAD005)

SOQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

SOQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

SOQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

SOQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

SOQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Public information

Publishing information about public service pension schemes (CAD010)

Scheme managers of public service pension schemes must publish certain information about the pension board and keep that information up-to-date. This will ensure that scheme members can easily access information about who the pension board members are, the representation of scheme members on the pension board, and the responsibilities of the board.

Governing bodies may also consider publishing information about pension board business, for example board papers, agendas and minutes of meetings. These may be redacted to the extent that they contain confidential information and/or data protected by data protection legislation. Governing bodies should consider requests for publication of additional information, to encourage scheme member engagement and promote a culture of transparency. Governing bodies may consider how best to publish information, making use of the principles outlined in [General principles for member communications](#).

The scheme manager must publish and maintain:

- the names of pension board members
- details about the representation of scheme members on the pension board
- details of the matters for which the pension board is responsible^{PU1}

Governing bodies may also publish:

- the employment and job title (where relevant) and any other relevant position each board member holds
- details of the pension board recruitment process
- who each pension board member represents
- the full terms of reference for the pension board, including details of how it will operate
- any specific roles and responsibilities of individual pension board members

Governing bodies should:

- have policies and processes to monitor all published data on an ongoing basis to ensure it is accurate and complete
- ensure any out of date or incorrect information identified is updated as soon as possible and in any event within one month

PU1 Section 6(1) of the Public Service Pensions Act 2013. [Section 14(1) of the Public Service Pensions Act 2014]

Glossary

Data protection legislation

The laws and regulations established to protect personal data including the Data Protection Act 2018 and UK GDPR

Public service pension scheme board

A board created to advise the relevant scheme manager in accordance with section 5 of the Public Service Pensions Act 2013

Questions for: Publishing information about public service pension schemes (CAD010)

PUQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

PUQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

PUQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

PUQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

PUQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Audit requirements (CAD014)

The law requires certain^{AU1} governing bodies of occupational pension schemes to obtain the following within seven months of the end of each scheme year from an independent auditor of the scheme:

- audited accounts, prepared in accordance with regulation 3^{AU2}
- the auditor's statement, prepared in accordance with regulation 4,^{AU3} about payment of contributions under the scheme.

Accounts do not need to be sent to us as a matter of course.

The auditor's statement must:

- include their opinion on whether contributions have in all material respects been paid at least in accordance with any of:
 - the schedule of contributions
 - payment schedule
 - scheme rules or contracts under which they were payable
- where contributions have not been paid in accordance with the above, include a statement explaining why
- even where no contributions were payable in the audited period, still prepare an auditor's statement

AU1 Regulation 2 of the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 [Regulation 2 of the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997]

AU2 The Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 [The Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997]

AU3 The Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 [The Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997]

The governing body:

- must provide a copy of the audited accounts as part of the annual report^{AU4} to relevant persons^{AU5} in relation to the scheme on request, and within two months of the request being received by the governing body
- may wish to consider publishing the accounts on a free website for the scheme
- should retain documentation relating to the preparation of the annual audited accounts for the scheme that records the process undertaken and its outcome, for at least seven years
- must ensure the normal auditing period^{AU6} of 12 months is applied. The audit period may be between six and 18 months where the start date is being changed or the scheme is in final stages of being wound up.

AU4 Regulation 12 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [Regulation 12 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

AU5 As defined in the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 [As defined in the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations (Northern Ireland) 2014]

AU6 Definition of “Scheme” in Regulation 1 of the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 [Definition of “Scheme” in Regulation 1 of the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997]

Glossary

Contributions

Money paid into the scheme. This may come from members in the form of regular or additional contributions, or from employers as regular or deficit related contributions.

Questions for: Audit requirements (CAD014)

AUQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

AUQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

AUQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

AUQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

AUQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

Dispute resolution procedures (CAD015)

Governing bodies must put in place^{DI1} formal procedures and processes to investigate and decide upon pension scheme disputes quickly and effectively. This applies to governing bodies of all occupational pension schemes, subject to certain exemptions.^{DI2}

Dispute procedures play a key role in the effective governance and administration of a scheme and need to follow the legislative requirements.^{DI3} The documents setting out the operation of the scheme may refer to internal dispute resolution arrangements.

Governing bodies must follow the dispute procedure to resolve various matters.^{DI4} Dispute procedures may be used to resolve other disputes^{DI5} where alternative arrangements do not exist.

Where a person with an interest in the scheme is not satisfied with any matter relating to the scheme (for example a decision that affects them), they have the right to ask for a review of the matter.

Governing bodies must ensure their scheme's procedures allow a reasonable period, which should be at least six months, for certain people^{DI6} or their representatives^{DI7} to make their applications. The six-month period should normally start immediately after the date on which the person ceased to be, or claims they ceased to be, a person with an interest in the scheme. Governing bodies can accept an application outside of this timeframe, if they believe it is appropriate.

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- DI1 Section 50(1) of the Pensions Act 1995 [Article 50(1) of the Pensions (Northern Ireland) Order 1995]
 - DI2 Section 50 (8) of the Pensions Act 1995 [Article 50(8) of the Pensions (Northern Ireland) Order 1995]
 - DI3 Section 50 of the Pensions Act 1995 [Article 50 of the Pensions (Northern Ireland) Order 1995]
 - DI4 Section 50(3) of the Pensions Act 1995 [Article 50(3) of the Pensions (Northern Ireland) Order 1995]
 - DI5 Section 50(9) of the Pensions Act 1995 [Article 50(9) of the Pensions (Northern Ireland) Order 1995]
 - DI6 Section 50A(1)(e) & (f) and Section 50B(3) of the Pensions Act 1995 [Article 50(1)(e) & (f) and Article 50B(3) of the Pensions (Northern Ireland) Order 1995]
 - DI7 Section 50B(3) of the Pensions Act 1995 [Article 50B(3) of the Pensions (Northern Ireland) Order 1995]

In relation to dispute resolution processes, governing bodies must:

- provide their internal dispute resolution procedure to:
 - prospective members, if it is practicable to do so
 - any scheme members who have not been given the information
 - certain people who request the information and who have not been given that information in the previous 12 months
 - members or prospective members when schemes receive jobholder information, or when a jobholder becomes an active member, in connection with automatic enrolment
- provide information about the Money and Pensions Service and the Pensions Ombudsman at certain stages of the dispute

Governing bodies should:

- agree on any details of their dispute resolution process that are not set out in law
- provide contact details for matters relating to disputes
- regularly assess the effectiveness of the dispute procedure
- be satisfied that those following the process are complying with the requirements set, which includes effective decision-making
- include in the internal dispute resolution procedure the information they are likely to need from applicants to reach a decision on a disputed matter
- consider the circumstances under which advice may be required to reach a decision on a dispute
- ensure they make the following information available to applicants:
 - the process to apply for a dispute to be resolved
 - the information that an applicant must include
 - the process by which any decisions are reached

In relation to reasonable time periods,^{DI8} governing bodies should:

- decide the matter in dispute within four months of receiving the application
- in the case of a two-stage dispute resolution procedure, reach a first stage decision within four months of receiving the application
- in the case of a two-stage dispute resolution procedure, reach a second stage decision within four months of the point when the governing body receives the referral
- notify applicants of the decision no later than 21 days from when it is made
- not delay a decision where it is possible to process an application sooner than four months
- allow more than four months to reach a decision if it is appropriate to do so

When reviewing an application, decision makers should:

- ensure they have all the appropriate information to make an informed decision
- request further information if required
- be satisfied that the time and action taken to reach a decision and notify the applicant are appropriate to the situation, and be able to demonstrate this

Informing members

It is good practice for governing bodies to keep members informed about dispute resolution, this may include:

- publishing and making readily available details of the time limits within which someone with an interest in the scheme must make an application
- making their procedure accessible to members and potential applicants, for example by publishing them on a scheme website and in the joining booklet
- keeping applicants advised of the progress of their dispute and let them know when they are likely to receive an outcome

DI8 Section 50(5) of the Pensions Act 1995 [Article 50(5) of the Pensions (Northern Ireland) Order 1995]

Questions for: Dispute resolution procedures (CAD015)

DIQ1:

Is the title of the module a fair reflection of the content provided within it? If not, what would be a clearer description of this content?

DIQ2:

Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme's own circumstances?

DIQ3:

Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?

DIQ4:

Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?

DIQ5:

Do you have any further comments on the module that have not been covered by the previous questions?

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Pensions education portal



Response form 5: **The 'Communications and disclosure' section of the new code of practice**

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