

# Corporate Pensions Newsletter – June 2024

For trustees and employers





In our latest newsletter, we let you know about the importance of nomination forms, give an update on recent pensions dashboards activity and a summary about other regulatory and industry developments that have occurred over the past few months.

## Retirement options explained to members

It's important for members to choose the right option for them when it comes to taking money from their pension plan. There are a number of options available which can be confusing. We've put together a short video for our pension customers that introduces their options available.

We encourage you to share the video with your members, so they know what they can do when it's time to take their pension benefits. The video can be accessed on our workplace websites below:



MPP Workplace Pension Plan (Prudential)



GPP or SHP Workplace Pension Plan (Prudential)

## Nomination forms

A nomination form or, sometimes referred as an expression of wish form, allows members of pension schemes to tell the trustees and/or scheme administrators who they would like to receive any pension benefits that become payable in the event of their death. Whilst not legally binding, it helps the trustee/scheme administrator decide who the payments should go to. Not having a nomination form in place could result in a delay in payment while the trustees/scheme administrator try to establish who the beneficiaries are. It could also result in death benefits being paid to someone who the member wouldn't have wanted the payment to go to.

Members of pension schemes should be encouraged to complete a nomination form and make sure it's reviewed regularly. It's important to keep nominations up to date as circumstances can change. There's nothing more problematic than a nomination form that hasn't been updated to cover a change in circumstance. For example, where someone gets divorced, they may nominate their children as beneficiaries. If they subsequently remarry but fail to update the nomination form, it could be open to challenge and cause delays, even if the member still wants the benefits paid to their children.

We have a number of different nomination forms across our product range for the pension arrangements where we decide who should receive the death benefits. If this applies to your arrangement with us, members may be able to set up or change chosen beneficiaries through their online account with us, or you can contact us for a copy of the form.



## Considering social factors in pension scheme investments

The Taskforce on Social Factors has produced a guide to support pension trustees in assessing the social risks and opportunities of their scheme's investments. It covers how social factors align with trustee's legal and fiduciary duties, and why they may be considered financially material. The guide and accompanying publications provide frameworks of good practice and allow for the assessment of materiality. A link to the guide can be found [here](#):



Guide from the Taskforce on Social Factors: Considering social factors in pension scheme investments (GOV.UK, April 2024)





## Pensions dashboards

There's been a lot of pensions dashboards activity over the past few months – here's a summary of what's been happening:

### Staging timeline

On 25 March 2024, the Department for Work and Pensions (DWP) issued a written ministerial statement announcing the publication of the timeline for connecting to pensions dashboards set out in guidance. It sets out a staged timetable for connection to the digital architecture ahead of the October 2026 connection deadline. Although the timetable isn't mandatory, DWP encourage trustees, managers and pension scheme providers to follow the dates in this guidance to ease the connection journey, unless there are exceptional circumstances which prevent them from doing so.

DWP have published guidance to help pension fund trustees and managers prepare an annualised version of the accrued pot value for members with certain money purchase benefits. The guidance can be accessed below:



**Annualised accrued value calculations for Pensions Dashboards**  
(GOV.UK, April 2024)

### Frequently asked questions (FAQs)

The Pensions Dashboards Programme have published a number of useful FAQs and newsletters, which can be accessed below:



**FAQs newsletter: useful guidance and resources**  
(Pensions Dashboards Programme, March 2024)



**FAQs newsletter: DWP staged timetable guidance**  
(Pensions Dashboards Programme, April 2024)



**FAQs newsletter: guidance on connection: the staged timetable**  
(Pensions Dashboards Programme, April 2024)



**Recent questions on dashboards**  
(Pensions Dashboards Programme, March 2024)

## The abolition of the Lifetime Allowance

As mentioned in our previous newsletter, the Lifetime Allowance was abolished on 6 April 2024 and replaced by two new lump sum allowances and a new overseas transfer allowance.

There's still a number of regulatory changes needed to fully implement the new lump sum allowance regime and to correct some technical errors in the legislation. Legislation will be brought forward to address these issues. Examples of the areas impacted include the application of protected lump sum rights and overseas (QROPS) transfers. HMRC have advised that in some instances individuals may need to wait until further regulations are in place before taking or transferring certain benefits.

HMRC have recently published a consolidated version of frequently asked questions (FAQs) which includes updates on some of the areas impacted by the issues mentioned above. These FAQs can be accessed below:



**Lifetime Allowance abolition – frequently asked questions**  
(GOV.UK, April 2024)

We've updated a number of processes, marketing literature and customer outputs to be ready for the changes that came into effect on 6 April 2024. Whilst there are still some further changes to be made, we've put transitional processes in place to ensure we're complying with the new regulations.



## Cost of living

The cost of living crisis continues to have an impact on the financial lives of some adults in the UK. The FCA conducted a survey between 8 December 2023 and 28 January 2024, where 3,450 individuals responded which highlighted:

- More than one in four adults (14.6 million or 28%) reported either not coping financially or finding it difficult to cope.
- One in seven (7.4 million or 14%) felt heavily burdened keeping up with their domestic bills and credit commitments.
- One in nine (5.9 million or 11%) had no disposable income.
- One in nine (5.5 million or 11%) had fallen behind or missed paying one or more domestic bills or credit commitments in the previous 6 months.

These results are an improvement to what was recorded in the January 2023 survey, but still worse than the historic data. Results from the FCA's 2020 survey found that just one in ten adults (11% or 5.8 million) felt heavily burdened by their domestic bills and credit commitments, with a similar proportion (10% or 5.2 million) having missed paying one or more domestic bills or credit commitments in the previous 6 months. A link to the survey can be found here:



**Financial lives cost of living (Jan 2024) recontact survey**  
(FCA, April 2024)

## Other regulatory activity

Here's a summary of some other recent items of interest:

### DC schemes required to disclose UK investment

Ahead of the Spring Budget, the Chancellor, Jeremy Hunt, announced additional changes relating to DC scheme investment disclosure, billed as "a further step in the government's plan to boost business and increase returns for savers":

- By 2027 DC pension funds will be required to publicly disclose how much they invest in UK businesses compared to investment in businesses overseas.
- As part of the Value for Money (VFM) proposals, costs and net investment returns will also need to be disclosed. Funds will be required to publicly compare their performance data against competitor schemes, including at least two schemes managing at least £10 billion in assets.
- Schemes which are performing poorly for savers will not be allowed to take on new business from employers.
- A consultation is expected on the proposed plans in due course.

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