

What's happening between now and 6th April 2016?

No.	Topic	Deadline	Comment	Action
A.	New governance requirements for occupational schemes with money purchase benefits (unless limited to AVCs)¹			
1.	Requirement to put in place statement of investment principles for default arrangement	6th April, 2015	Requirement applies only to default arrangement in auto-enrolment qualifying scheme	Check whether scheme in scope
2.	Requirement to appoint chair of trustees	6th July, 2015	Must include identity in scheme return	
3.	Requirement for annual governance statement	Within 7 months of end of scheme year (but only for scheme years ending on or after 6th July, 2015)	Schemes with year ends between 6th April and 5th July, 2015 do not have to produce an annual governance statement until 7 months after the 2016 year end	Do a "dummy run" of annual governance statement before end of first scheme year to identify areas of non-compliance

¹ This is a brief summary of complex legislation: See our client briefing on the new governance and charging requirements for more information.

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4.	Cap on charges in default arrangements in auto-enrolment qualifying schemes	6th April, 2015	Note 6th October, 2015 deadline for non-compliant arrangements to use "adjustment measure"	Check whether scheme in scope
5.	Disclosure of transaction costs	6th April, 2016	FCA and DWP have duty to require disclosure of transaction costs: Joint call for evidence published 2nd March, 2015; response awaited	For noting
6.	Prohibition on adviser commissions and active member discounts ("AMDs") in auto-enrolment qualifying schemes	6th April, 2016	DWP has confirmed that payment by an employer of charges on behalf of "contributing" (i.e. active) members is not AMD	For noting
B. DC flexibility²				
1.	Information to retiring DC members about guidance guarantee	6th April, 2015	Template information available on request	
2.	Requirement to check that independent financial advice received before effecting DB transfers	6th April, 2015	Pitfall (1): When calculating "de minimis" (£30,000) exception, ignore reduction for underfunding Pitfall (2): Scheme rules may give transfer right without requiring independent advice	Check transfer out provisions in schemes rules and amend if necessary Where trustees have discretion to transfer, exercise of discretion should be conditional on advice having been obtained
3.	Reduction in annual allowance for high income individuals	6th April, 2016	Requires consequential alignment of pension input periods: Technical notes on alignment and on calculation of pension input amounts for 2015/16 available to clients on request	Communicate changes to members: HMRC considering how to adapt requirement for scheme to issue annual allowance pension statements

² This is a brief summary of complex legislation: See our 6th April, 2015 checklist for more information

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4.	Reduction in lifetime allowance from £1.25m to £1m	6th April, 2016	Fixed and individual protections to be available, possibly automatically, based on 2014 protections	Consider how to communicate changes to members (NB fixed protection requires cessation of accrual)
C. Single-tier state pension/abolition of DB contracting-out³				
1.	Switch to single-tier state pension	6th April, 2016	Complex transitional provisions for those reaching state pension age on or after 6th April, 2016	Check scheme rules for references to "basic state pension" etc.: Rule amendments may be required (no section 68 power to modify although "basic state pension" will still be published annually)
2.	Abolition of DB contracting-out: Managing additional costs	6th April, 2016	Cost impact on employers of loss of NI rebate can be recouped by amendment under scheme rules (if permitted) or use of statutory override It will be necessary to consult affected members about any changes	Planning for affected schemes should be well developed by now
3.	Abolition of DB contracting-out: Auto-enrolment	6th April, 2016	COSRs automatically satisfy DB quality requirement for auto-enrolment. Post-6th April, 2016, DB schemes must either satisfy: <ul style="list-style-type: none"> • "test scheme standard", or • new alternative quality test introduced on 1st April, 2015 relating to cost of funding future accruals 	COSRs that are qualifying schemes for auto-enrolment purposes need to consider what changes, if any, are required to ensure continued compliance with test scheme standard or the new "cost of funding" test

³ This is a brief summary of complex legislation: See our checklist on state pension changes/abolition of DB contracting-out for more information

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4.	Abolition of DB contracting-out: Protection of existing contracted-out rights	6th April, 2016	Policy intent is that existing contracted-out rights will be subject to existing protections post 5th April, 2016 A number of issues require further DWP consultation, including in relation to informing affected members about the change	Check scheme rules where contracting-out requirements baked in Sign up to DWP's GMP Reconciliation Service (deadline 6th April, 2016)
D. Other changes				
1.	Abolition of short service refunds for DC schemes	1st October, 2015	From 1st October, 2015, member contributions may be refunded only where member leaves within 30 days of joining scheme but only where: <ul style="list-style-type: none"> all member's benefits in the scheme are DC, and member joins on or after 1st October, 2015 	Check rules. member communications and scheme booklets to see what, if any, changes required
2.	Changes to VAT recovery	1st January, 2016	Current "70:30" treatment for employer recovery of VAT on investment management fees due to end on 31st December, 2015. HMRC considering options for preservation of recovery	
3.	Repayment of surplus: Trustee resolutions preserving pre-6th April, 2006 scheme rules	6th April, 2016	Trustees' ability to repay surplus to employers in ongoing schemes removed from 6th April, 2006, although trustees given time-limited power to resolve to preserve the pre-6th April, 2006 rules	This should have been picked up by now