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Update

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In this issue:

Surplus regulations published

On 10 June, the Department for Work and Pensions (DWP) published a consultation on draft regulations (the Occupational Pension Schemes (Payments to Employer) Regulations 2027) setting out the conditions that must be met to release surplus from defined benefit pension schemes.

As expected, the key condition is that the value of the scheme's assets will be greater than the amount of the scheme's liabilities on a low dependency funding basis. This must also be expected to remain the case over the following 3 years. The amount of the payment will be based on a provisional actuarial assessment, subject to it not being invalidated by any material developments between the date of the assessment and the date of a final actuarial certificate. The payment must be made to the employer within 5 working days of the certificate.

The trustees must also have given at least 3 months' written notice to the members and the employer must have consented to the payment. The Pensions Regulator (TPR) must be notified within 1 week of the payment.

On the same day, TPR published a statement providing its 'early views' on the principles that trustees should consider when releasing surplus. Once the DWP responds to the consultation on the new regulations, TPR will consult on supporting guidance.

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Kate Jones, PPF Chair

PPF Chair's honour

The Chair of the Pension Protection Fund (PPF), Kate Jones, has been appointed a Commander of the Order of the British Empire (CBE). Ms Jones will step down at the end of June after 10 years on the PPF Board, five years as Chair. Joanne Segars, previously Chief Executive of the Pensions and Lifetime Savings Association (now Pensions UK), will take over as PPF Chair from 1 July.

Retirement Living Standards

Pensions UK has updated its Retirement Living Standards (RLS) which are intended to help people picture what lifestyle they expect in retirement and the costs associated with three different levels. The calculations now show that a Minimum retirement lifestyle costs £13,900 a year for a one-person household and £22,500 for two people. A Moderate lifestyle costs £32,700 for one person and £45,400 for two, while a Comfortable lifestyle costs £45,400 and £62,700 respectively. Around 82% of the working population are expected to reach the Minimum standard of living in retirement, falling to 23% for the Moderate standard and 9% reaching Comfortable.

"The draft regulations set out clear safeguards that must be met before any surplus can be released. Trustees will be the key decision takers and strong funding levels must be maintained"

Torsten Bell
Minister for Pensions

Changes to transfer conditions

The DWP is consulting on changes to the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 which restrict members' statutory entitlement to a transfer unless certain conditions are met. The proposed changes are:

- Making a lack of evidence of an employment link for a transfer to an occupational scheme a red flag rather than amber.
- Allowing a more straightforward process where the trustees are satisfied that the receiving scheme is a "reputable" scheme.
- Not requiring a member to attend a MoneyHelper guidance session if they have done so within the previous 12 months.
- Removing the amber flag relating to overseas investments.

Company news

The James Neill Pension Plan has completed a capital-backed investment transaction with Portunes Pension Capital, the second such deal for Portunes (the first being for an unnamed pension scheme in 2020). James Neill is a holding company for the Spear & Jackson group of companies.

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