

Law & Policy Group

GRIST

UK: Defined contribution pension scheme improvements proposed

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Proposed measures recently subject to a consultation that closed on 30 Oct 2020, encourage some smaller, less efficient defined contribution (DC) schemes to consolidate into larger arrangements that offer lower costs and better governance.

Highlights

- Draft regulations — due to take effect on 5 Oct 2021 — would require additional reporting by DC schemes operating for at least three years and holding less than £100 million in assets.
- Schemes would have to complete expanded “Value for Member” assessments for inclusion in the annual “Chair’s Statement,” compare the scheme’s charges and net returns against three larger comparison schemes, and assess various governance and process areas.
- Results would have to be published on a publicly available site, and declared on the scheme’s return to the regulator.
- Failing schemes would have to either confirm to the regulator their plans to wind up and consolidate, or outline an improvement plan.
- New reporting requirements on total asset size and net investment returns would apply to all DC schemes.

Related resource

- [Improving outcomes for members of defined contribution pension schemes](#) (Department for Work and Pensions, 11 Sep 2020)

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