

DC scheme return 2015

What's new this year

A checklist of new information you'll need to know before you complete the DC scheme return for 2015

If your scheme has between two and 11 members it may have been more than a year since your last scheme return. Please use the detailed information on changes we've made in the last three years at www.tpr.gov.uk/dc-scheme-return.

New items for all DC schemes	
Charge controls	<p>You will need to confirm whether the scheme has been compliant with the charge controls which came into force on 6 April 2015. These controls apply to charges deducted from members' funds invested in the default arrangements of certain occupational pension schemes that provide money purchase benefits, and which are qualifying schemes for the purposes of automatic enrolment legislation, although exemptions do apply (these are detailed further on page 3). You may wish to seek advice to determine whether the regulations on charges apply to arrangements in your scheme.</p> <p>The regulations require trustees and managers to ensure charges imposed on members' funds do not exceed a specified limit and are of a structure allowed by legislation. New questions have been added to the scheme return for this purpose.</p>
Chair of trustees/managers	<p>Where the scheme is required to have a chair of trustees/managers, you will need to provide us with their details.</p> <p>Trustees/managers are required by law from 6 April 2015 to appoint a chair, which in the case of a trust scheme may be an individual trustee, a professional trustee body, or the director of a corporate trustee which is not a professional trustee body. Certain exclusions apply – these are detailed further on page 4.</p> <p>The legislation requires trustees to provide the regulator with the name of the chair, and this should be done via the scheme return.</p>

New item for DC schemes with 2-11 members

Automatic enrolment

This requirement was previously only for schemes with 12 or more members, but is now applicable for all DC schemes.

You will need to confirm whether any of the employers that use the scheme have passed their automatic enrolment staging date. If so, you will also need to confirm whether they have:

- ▶ automatically enrolled any staff into the scheme to meet their automatic enrolment duties since 6 April 2015
- ▶ used the scheme to meet their automatic enrolment duties for staff that were existing members of the scheme

The questions above have yes/no responses – you won't need to provide numbers of affected staff.



Possible source of further information if you have any queries: **Employer**

Further information on the new changes

Here is some further information on the new questions in this year's scheme return. The questions have been added as a result of changes to the law which came into effect on 6 April 2015. As noted in the checklist, where the new requirements apply, we now require you to confirm to us:

- ▶ your compliance with new controls on charges
- ▶ the identity of the chair of trustees/managers (or chair of the board of directors where the trustee is a company which isn't a professional trustee body)

If you are a trustee or someone completing a scheme return on behalf of trustees, you will need to establish whether your scheme must comply with any of the new requirements. You may need to seek professional advice to understand if and how the new regulations affect your scheme.

Charge controls

Part 2 of the 2015 Charges and Governance regulations requires that trustees and managers of certain schemes used as qualifying schemes by employers to comply with automatic enrolment legislation must ensure that charges imposed on members' funds which are invested in their employer's default arrangement:

- ▶ do not exceed a specified limit
- ▶ are of a structure that is allowed by legislation

The controls on charges mean that in default arrangements of affected schemes, charges must be structured either as a single charge calculated by reference to the value of the members' funds invested in that default arrangement, or a permissible combination charge structure.

- ▶ In the case of a single charge structure, charges are capped at 0.75%.
- ▶ In the case of a combination charge structure, the regulations specify equivalency tables that should be used to determine the permissible charge limits.

Not all occupational schemes are subject to the regulations, and where they do apply, there are circumstances in which the controls on charges may not be applicable. We have designed our approach to the new questions in the scheme return to address both of these issues.

- ▶ The controls on charges may not be relevant to a particular scheme, for example, where the scheme is not a qualifying scheme for the purposes of automatic enrolment legislation. The scheme return has been configured so that trustees/managers confirming this are not also asked to confirm compliance with the controls on charges.
- ▶ Where trustees/managers are asked to confirm compliance, they will need to specify whether they are compliant with the controls on charges for all members, or are non-compliant for one or more members. However, there may also be scenarios where for one or more members of the scheme the controls on charges do not apply, or where the scheme's charges year has not yet ended, in which case the trustees/managers are not yet in a position to confirm whether a member's charges for that year are within the cap. In these cases the trustees/managers are asked to respond by confirming all of the specified exceptions that apply.
- ▶ The charge controls question may require you to confirm more than one of the fields as applying. This may happen where the charge controls apply and have been complied with for some members, but in other cases, the charge controls do not apply. This may occur where a scheme has more than one employer and therefore more than one default arrangement. Where this is the case, trustees/managers should tick all circumstances that apply.

Chair of trustees/managers

Part 3 of the 2015 Charges and Governance regulations includes a requirement that certain schemes must appoint a chair of trustees/managers, if they do not already have one.

In a trust scheme, the chair could be an individual trustee or a professional trustee body. Where there is a corporate trustee, the chair could be a member of the board of directors or trustee corporation.

Some schemes are exempt from this new requirement, in particular:

- ▶ Schemes with fewer than 12 members where all the members are trustees (or the trustee is a company and all members are directors of that company) and either decisions are made by unanimous agreement of the trustees (or directors), or the scheme has an independent trustee (or director) in place who is registered on our independent trustee register. These schemes are known as 'relevant small schemes'.
- ▶ Schemes where the company is both the only employer and the sole trustee, and all members are current or former directors of the company, and include at least one third of the current directors. These schemes are known as 'executive pension schemes'.

Where a scheme is required to appoint a chair, trustees must ensure that this obligation is met within three months from the later of:

- a. the legislation coming into force
- b. the scheme being established

The legislation also requires trustees to provide us with the name of the chair, and this should be done via the scheme return. Trustees and those completing scheme returns on behalf of trustees will need to establish whether their scheme is required to provide this information, and where this is the case, pay particular attention to the instructions on the scheme return screen about how to complete the details of the chair.

The legislation also sets out what must happen where a chair ceases to be the chair for any reason. In this case trustees have three months after the date the post becomes vacant in which to appoint a new chair. Trustees must also tell us the name of the new chair, and should do this via Exchange as soon as reasonably practicable.

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