



Department
for Work &
Pensions

Simpler Annual Benefit Statements

Consultation on proposed regulations and accompanying statutory guidance introducing simpler annual benefit statements for use by Defined Contribution pension schemes used for Automatic Enrolment

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About this consultation

Purpose of the consultation

1. This consultation seeks views on the draft Occupational and Personal Pension Schemes (Disclosure of Information) (Amendment) Regulations 2022 and associated draft statutory guidance (which includes an illustrative template). Together, these would introduce new requirements for the length and format of annual pension benefit statements, sent to members (except those in receipt of benefits) of certain defined contribution pension schemes used for automatic enrolment.

Who is this consultation aimed at?

2. We would particularly welcome responses from members of workplace pension schemes, employee representatives, trade unions, consumer groups, employers, and pension industry professionals, including scheme administrators, payroll administrators, accountants, payroll bureau, independent financial advisors, employee benefit consultants and members of the advisory community.

Scope of the consultation

3. This consultation applies to Great Britain.
4. We are working closely with Northern Ireland counterparts at the Department for Communities to make corresponding legislation.

Duration of the consultation

5. The consultation period begins on 17 May 2021 and runs until 29 June 2021. Please ensure that your response reaches us by that date. Any replies received after that date may not be taken into account.

How to respond to this consultation

6. Please send your consultation responses, preferably by email to:
PENSIONSTATEMENTS.CONULTATION@DWP.GOV.UK

Note: When responding please indicate whether you are responding as an individual or representing the views of an organisation.

Government response

We will publish the government response to this consultation on the GOV.UK website. The report will summarise the responses, and set out the government's proposed next steps.

How we consult

Consultation principles

7. This consultation is being conducted in line with the revised [Cabinet Office consultation principles](#) published in March 2018. These principles give clear guidance to government departments on conducting consultations.

Feedback on the consultation process

8. We value your feedback on how well we consult. If you have any comments about the consultation process (as opposed to comments about the issues which are the subject of the consultation), including if you feel that the consultation does not adhere to the values expressed in the consultation principles or that the process could be improved, please address them to:

DWP Consultation Coordinator
2nd Floor
Caxton House
Tothill Street
London
SW1H 9NA

Email: caxtonhouse.legislation@dwp.gsi.gov.uk

Freedom of information

9. The information you send us may need to be passed to colleagues within the Department for Work and Pensions, published in a summary of responses received and referred to in the published consultation report.
10. All information contained in your response, including personal information, may be subject to publication or disclosure if requested under the Freedom of Information Act 2000. By providing personal information for the purposes of the public consultation exercise, it is understood that you consent to its disclosure and publication. If this is not the case, you should limit any personal information provided, or remove it completely. If you want the information in your response to

the consultation to be kept confidential, you should explain why as part of your response, although we cannot guarantee to do this.

11. To find out more about the general principles of Freedom of Information and how it is applied within DWP, please contact the Central Freedom of Information Team

Email: freedom-of-information-request@dwp.gsi.gov.uk

The Central Freedom of Information team cannot advise on specific consultation exercises, only on Freedom of Information issues. Read more information about the [Freedom of Information Act](#).

Introduction

12. The 2017 Review of Automatic Enrolment: Maintaining the Momentum¹ looked at how engagement with workplace pension saving can be improved so that savers have a stronger sense of personal ownership of their workplace pension. As a result of automatic enrolment, over 10 million additional individuals² have been automatically enrolled into a workplace pension, typically into a defined contribution scheme. To enable members to engage more easily with and understand the level of their savings, it is important that key information is presented using language that is clear and easily understood.
13. The above Review recognised that, whilst no single intervention will lead to stronger personal engagement, a more effective range of engagement tools and interventions can have a cumulative impact, including annual workplace pension benefit statements.
14. In 2019 the government consulted on how annual workplace pension benefit statements could be reformed and made simpler, shorter and more consistent. The consultation recognised that pension savers are increasingly likely to be members of more than one workplace pension scheme. Therefore, they receive multiple annual statements which are inconsistent in design, length and approach, presenting an additional barrier to engagement and understanding.
15. The options presented included use of a two-page (one double-sided sheet of A4 paper) template developed by an industry group during the course of the Review. That template was further developed during 2018 and has been available for voluntary use by schemes.
16. The responses to the 2019 consultation highlighted support for the government's ambition for statements to be simpler and more consistent to enable savers to engage with their pension saving. In October 2020, the government published its

¹ <https://www.gov.uk/government/publications/automatic-enrolment-review-2017-maintaining-the-momentum>

² <https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis>

response³, setting out the intention to mandate an approach to simpler statements for defined contribution pension schemes used for automatic enrolment. The response proposed taking the two-page statement template originally developed during the 2017 Review, as the starting point in considering the length, content and design.

17. The response noted that defined benefit pension schemes, public sector pension schemes and hybrid pension schemes would not be in scope of the proposed legislation, but that there will be opportunity to learn lessons about the potential applicability to them in the future.
18. This consultation therefore now seeks views on the draft regulations and accompanying statutory guidance (including the illustrative statement template), through which government proposes to mandate the approach to simpler statements for relevant defined contribution pension schemes used for automatic enrolment.

Our proposal for presenting the information about pension benefits

19. The proposal to move to a simpler annual benefit statement will enable a member to see:
 - how much money the member has in their pension plan and what has been saved in the statement year;
 - how much money they could have when they retire; and
 - what they could do to give themselves more money at retirement.

Background

20. To give effect to the government's response of October 2020, it is proposed to amend the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ("the Disclosure Regulations") to introduce new requirements concerning the format of annual benefit statements given in accordance with regulation 17 of the Disclosure Regulations.

³ <https://www.gov.uk/government/consultations/simpler-annual-benefit-statements-for-workplace-pensions>

Draft regulation 1

21. Draft regulation 1 provides that these regulations come into effect on 6 April 2022, subject to the transitional arrangements set out in regulation 3 where information required to be given in accordance with the Disclosure Regulations has already been given before that date.

Draft regulation 2

22. We propose to require that relevant information, and any other information that is included with that information as part of the annual benefit statement, for example as best practice, must be provided to a member of a qualifying scheme in a statement of no more than one double-sided sheet of A4 paper. The amendments made by draft regulation 2 define the meaning of 'relevant information' in this context to mean the information given under regulation 17(2) to (5) of the Disclosure Regulations in relation to a member's money purchase benefits.

23. Qualifying schemes are defined as those under which all the benefits which may be payable are money purchase benefits which are used for automatic enrolment, and therefore excludes hybrid schemes used for automatic enrolment.

24. Members of qualifying schemes to whom the regulation applies are defined to include those who are in the accumulation stage, but not those who are drawing down benefits.

25. Trustees or managers are able to dispense with the requirement for the statement to be a maximum of one double-sided sheet of A4 paper where they decide that this is necessary to meet their duties under the Equality Act 2010, for example if a member requests the statement in a different format or language

Draft regulation 3

26. Draft regulation 3 contains a transitional measure which provides that the changes made to regulation 17 of the Disclosure Regulations by regulation 2 of the Regulations do not apply to information concerning a member's money purchase benefits which has already been given before 6 April 2022.

Draft regulation 4

27. Draft regulation 4 provides for a review of the effectiveness of these regulations by the Secretary of State, with the first review and published report by 6 April in 2025 and subsequent reports at intervals not exceeding three years

Draft statutory guidance

28. In complying with requirements in the Disclosure Regulations, section 113(2A) of the Pension Schemes Act 1993 requires a person to have regard to any guidance prepared from time to time by the Secretary of State. In addition to the draft

regulations, we have prepared draft statutory guidance to support scheme trustees or managers to meet the requirements of the proposed regulations.

29. The draft statutory guidance (including the illustrative template) sets out how information given to a scheme member in a statement not exceeding one double-sided sheet of A4 paper may be structured and presented. This is so that there is consistency between schemes, whilst recognising the need to allow for some flexibility of approach. The guidance shows the proposed approach to the order and presentation of the information in each of the five sections of the statement, to which trustees or managers must have regard when designing their own statements.
30. The draft statutory guidance highlights information in the illustrative template which is additional to the requirements of the Disclosure Regulations and which enables delivery of the narrative set out in paragraph 19 above.
31. The draft statutory guidance includes a draft template which illustrates the ordering and content for the five sections.

Provision of supplementary information

32. Trustees or managers may wish to provide material to members to supplement the information provided in the statement. These regulations are not intended to prevent this provision of supplementary information where trustees or managers believe it is helpful to members, but that information must be provided in a separate document/documents to the statement itself, either in physical form or through signposting to digital content. The statement must be the first substantive document presented in any pack of material.
33. This approach is compliant with Financial Conduct Authority requirements and the Pension Regulators' DC Code of practice 64 and guide⁵ on communicating and reporting.

⁴ <https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-13-governance-and-administration-of-occupational-trust-based-schemes-providing-money-purchase/#152160dc71a8451e8ce9c884b84e2a28>

⁵ <https://www.thepensionsregulator.gov.uk/en/trustees/managing-dc-benefits/6-communicating-and-reporting>

Questions

34. The government welcomes views on the following:

Draft regulations

Question 1:

Do you have any comments on whether the draft regulations achieve our policy intention in relation to requiring use of a statement of one double-sided sheet of A4 paper for use by certain defined contribution pension schemes used for automatic enrolment (as defined in the draft regulations)?

Draft statutory guidance

Question 2:

Do you have any comments on the draft statutory guidance in terms of content or clarity?

Draft illustrative template

Question 3:

Do you have any comments on the illustrative statement template in terms of content or clarity?

Timetable for change

Question 4:

Do you have any comments on the timetable in which it is proposed the regulations will come into effect, including the transitional provisions in regulation 3?