



Department
for Work &
Pensions

Statutory Guidance: Simpler Annual Pension Benefit Statements

The Occupational and Personal Pension Schemes (Disclosure of Information) (Statements of Benefits: Money Purchase Benefits) (Amendment) Regulations 2021

October 2021

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Background

About this Guidance

Overview of regulatory approach

1. From 1 October 2022 the Occupational and Personal Pension Schemes (Disclosure of Information) (Statements of Benefits: Money Purchase Benefits) (Amendment) Regulations 2021 (“the 2021 Regulations”) introduce new requirements for the trustees or managers of defined contribution pension schemes that provide money purchase benefits only and that are used for automatic enrolment (“automatic enrolment schemes”). The 2021 Regulations amend the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (“the Disclosure Regulations”) to reflect the new requirements.
2. The amendments made by the 2021 Regulations require the trustees or managers of schemes that are in scope to present the information given in accordance with regulation 17 of the Disclosure Regulations relating to a member’s money purchase benefits and other information relevant to the member in question that they elect to include as part of an annual benefit statement (“the simpler annual benefit statement”), in a format that does not exceed one double-sided sheet of size A4 paper when issuing a paper statement and the equivalent length when the information is printed, if issuing an email or online statement. There are limited exceptions to this requirement (e.g. where the member is already in receipt of benefits under the scheme).
3. The 2021 Regulations also require that trustees or managers of schemes have regard to this Statutory Guidance.

Purpose of this Guidance

4. The purpose of this Guidance is not to restate the legal requirements for those trustees or managers of schemes that fall within the scope of the 2021 Regulations, but instead to help trustees or managers understand how to meet them where they apply. It is the responsibility of trustees or managers of schemes to satisfy themselves that they meet the requirements of the Disclosure Regulations (as amended by the 2021 Regulations).
5. Where this guidance refers to requirements that apply to managers of personal pension schemes under Financial Conduct Authority (FCA) rules (as of the date of this guidance) those references are included to assist the reader and do not form part of this statutory guidance.

6. Trustees or managers must, in accordance with section 113(2A) of the Pension Schemes Act 1993, have regard to this Guidance when complying with the requirement to provide an annual benefit statement to a member that does not exceed one double-sided sheet of size A4 paper when printed.
7. The template for a one double-sided sheet of size A4 simpler annual benefit statement, which forms part of this Guidance, serves to illustrate how the information that trustees or managers of automatic enrolment schemes provide for their members (excluding pensioner members) in statements should be ordered and presented in five sections to ensure that there is consistency across schemes.

Expiry or review date

8. This Guidance will be reviewed at intervals not exceeding 5 years to coincide with the review of the 2021 Regulations, and may be updated earlier if necessary.
9. When we review the Guidance we will consider, for possible inclusion, lessons from established and emerging best practice in the way in which simpler annual benefit statements of one double-sided sheet of size A4 paper are produced.

Audience

Who is this Guidance for?

10. This Guidance is for trustees or managers of schemes that are subject to the new requirements set out in the 2021 Regulations.
11. Trustees or managers of other schemes may also find this Guidance helpful when carrying out any redesign for their annual benefit statements which are not within the scope of the 2021 Regulations. Adoption of the principles of this Guidance - statements that are a maximum of one double-sided sheet of size A4 paper with simple, jargon-free language - is encouraged on a voluntary basis.

When should this Guidance be followed?

12. Trustees or managers of schemes in scope of the 2021 Regulations must have regard to this Guidance, where applicable, on meeting the new legislative requirements of regulation 17 of the Disclosure Regulations as inserted by the 2021 Regulations.

Legal status of this Guidance

13. This Guidance is Statutory Guidance published under section 113(2A) of the Pension Schemes Act 1993.

Compliance with this Guidance

14. For occupational pension schemes, the Pensions Regulator (TPR) monitors and enforces compliance with legislation and provides practical guidance about what trustees or managers need to do. The Department for Work and Pensions (DWP) is responsible for answering questions about the policy intentions underpinning the legislation.
15. Where there is a failure to comply with a requirement under the Disclosure Regulations - including where this is as the result of a failure to have regard to this Guidance and template - TPR may take enforcement action which includes the possibility of a financial penalty.
16. Regulation 5 of the Disclosure Regulations¹ sets out the penalties for failure to comply with the disclosure requirements under those Regulations, including any failure to comply with the disclosure requirements inserted into the Disclosure Regulations by the 2021 Regulations.

¹ [Disclosure Regulations 2013 – Regulation 5](#)

Presentation of the Statement Template

17. This section of the Guidance explains how the simpler annual benefit statement template is structured and how information that is included should be presented.
18. Trustees or managers are not required to include information in their simpler annual benefit statement that does not apply in any particular case. However, the Secretary of State for Work and Pensions recognises that trustees or managers may opt to include other information not specified in regulation 17 of, and in Schedule 6 to, the Disclosure Regulations, in their annual benefit statements, as this may be helpful to the member. Therefore, sections 1 to 5 below cover the inclusion of other information and provide guidance about where this may be included in the simpler annual benefit statement. Paragraphs 41 to 45 look at instances where trustees or managers may decide to provide additional documentation separate to the simpler annual benefit statement itself.
19. Where other information is included with that which is required to be given by regulation 17 of the Disclosure Regulations as part of a member's annual benefit statement, the resulting statement must not exceed the permitted limit when it is printed (regulation 17(12 and (14) of the Disclosure Regulations, as inserted by regulation 2 of the 2021 Regulations), subject to the exemption in regulation 17(13) of the Disclosure Regulations as inserted by regulation 2 of the 2021 Regulations).

Format and Structure

20. The simpler annual benefit statement template is divided into 5 sections. The information presented should enable the member to easily understand:
 - 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.

Section 1: Member and Pension Scheme details

21. This section provides space for presentation of the information that schemes currently chose to provide about the member; their employer/s; the pension scheme provider; and other verification information.

Section 2: How much money you already have in your Pension Plan

22. This section should provide key information, as set out in Part 1 of Schedule 6 to the Disclosure Regulations (information for all money purchase members), regarding: contributions credited to the member; the total amount of money saved by the member to date; and any monies transferred into the pension scheme by the member from other pension schemes. Where the member is in receipt of tax relief this may be shown in this section.
23. This information should be presented in such a way and through simple, accessible language, that enables the member to see and understand at a glance the year end results of the pension savings activity for their current pension plan.
24. The information should also include a line informing the member that further details on charges and transaction costs, including information published in the Chair's Statement (for occupational pensions schemes) and the Independence Governance Committee/Governance Advisory Arrangements Annual Report (IGC/GAA) (where applicable for contract based pensions used for workplace personal pensions), is publicly available and can be accessed via a clearly signposted web link. Further information as to how the member can obtain this published information or document in hard copy form should also be included in this section.
25. Many trustees or managers choose to provide additional information on transaction costs and charges in their annual benefit statements and the Government encourages trustees or managers to do this where possible. The costs and charges information should be presented in pounds and pence. If trustees or managers provide this information then it may be included in this section and should clearly show the deduction of the costs and charges from the total amount in the pension savings plan. The information should be presented in accessible and jargon-free language.
26. The Government will continue to consider how the presentation of costs and charges can be improved further, either within the simpler annual benefit statement, or in other information accessible to members. The Government believes that comprehensive, transparent and consistent charges information will enable members to become more engaged with their pensions, and allow them to take decisions on which pension is right for them.
27. The template has 'money in' and 'money out' columns enabling trustees or managers who do provide information on costs and charges in their annual benefit statements to do so. Use of the 'money in' and 'money out' columns is at the discretion of trustees or managers. Where trustees or managers do not provide costs and charges information in their simpler annual benefit statements, they should include text that explains that costs and charges have been deducted but are unavailable, and that information regarding costs and charges for their particular scheme is available via the web links to the statement/report listed above in paragraph 24.

28. This section should also include signposting where applicable to the further information that regulation 17 of, and Schedule 6 to, the Disclosure Regulations require the trustees or managers to supply relating to the members' pension scheme:

- Details of how the member can obtain information about the pooled funds in which their assets are invested;
- Where applicable, a link to the scheme's most recently published climate change report – "the TCFD (Taskforce on Climate-related Financial Disclosures) report".

Section 3: How much money you could have when you retire

29. This section should provide the member with an illustration of how much their pension plan could be worth at the member's anticipated or agreed date for retirement and what this may mean for their estimated retirement income.
30. Trustees or managers should include information which is required to be given with the pensions illustration, including that about the assumptions² used when calculating the pension illustration, having regard to the requirements of regulation 17 of the Disclosure Regulations
31. If the trustees or managers decide to include the information specified in Part 3 of Schedule 6 (further information to be given on pension illustration) as part of the annual benefit statement, it may usefully be included in this section of the template. Further signposting should be included to easily accessible additional information that members can access should they require it.
32. The information provided in this section – for example, about the impact of inflation and the rate of contributions that are paid into the pension plan – should be written in simple, jargon-free, language so that it can be easily understood by the member.

Section 4: What you could do to give yourself more money

33. Section 4 is about prompting a member to think about their retirement income and retirement lifestyle as a whole, including their expectations of income from a State Pension or from other sources, and what they could do to give themselves more money for their retirement through their pension plan.
34. Pension schemes regulated by the Financial Conduct Authority (FCA) who provide members with an illustration on saving more into their pension plan will need to write to the FCA so that they can be granted a modification by consent to provide the additional projection³ without it being subject to the FCA's projection rules.

² See regulation 17(5) of, and paragraphs 9 to 14 of Schedule 6 to, the Disclosure Regulations.

³ [Modification by consent: COBS 13 Annex 2 1.9R | FCA](#)

35. Trustees or managers are encouraged to provide information in a simpler annual benefit statement around actions that may enable members to plan and save more for their retirement, including: a) an illustration showing how saving more into their pension plan may generate an increased pension pot at retirement (using the same assumptions behind the illustration provided in Section 3), and b) changing the age at which they plan to retire.
36. There is a range of additional information that may be provided in this section, Trustees or managers will wish to have regard to the joint FCA and TPR Guide for employees and trustees about providing support on accessing pensions⁴:
- Signposts to balanced and objective tools, such as those provided by MoneyHelper, which enable the member to consider their income and expenditure in retirement and which may prompt them to save more into their pension or over a longer period of time;
 - Signposts to sources of additional help and information, including the pension provider's own website; the MoneyHelper website for general information about pensions; and Pension Wise for members who are aged 50 or over who are considering their options for accessing their pensions;
 - Signposting a member with multiple pension plans to balanced and objective information, such as that provided by MoneyHelper, which may help them consider consolidating their pensions savings into one pension plan; and
 - A reminder for the member to check for pensions they have with previous employers, but for which they may have lost contact details, through the Pension Tracing Service⁵;
 - A reminder for the member to be alert to pension scams.

Section 5: Find out more about your Pension Plan and how you can use your money

37. This section provides space for details enabling the member to contact the pension scheme provider for further information regarding their pension plan, or if they need to update their details.

Design and language

38. Pension scheme trustees or managers are able to use their own branding colour schemes or branding but this should not obscure the flow of information as detailed above and illustrated in the template, nor should it increase the length of the annual statement beyond the limits permitted by regulation 17(12) of the

⁴ <https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/tpr-fca-employers-trustees-financial-matters-guide>

⁵ <https://www.findpensioncontacts.service.gov.uk>

Disclosure Regulations, as inserted by the 2021 Regulations, unless the exemption in new regulation 17(13) applies.

39. Colour coding of sections may help the member navigate the simpler annual benefit statement. Typeface and font should be of a size that is easily readable and accessible and where members are signposted to websites these should be appropriately titled so that members can readily re-type each website address into a web browser.
40. The language used in simpler annual benefit statements should be simple, accessible, and avoid use of jargon or complex terminology.

Layering

41. The meaning of 'layering' in this context is the provision of other documents that trustees or managers of schemes in scope provide to a member in addition to the simpler annual benefit statement itself and which is intended to complement the information contained in the statement.
42. The requirements to ensure that a simpler annual benefit statement does not exceed one double-sided sheet of size A4 paper and for the structuring of the statement template into five sections are not intended to prevent trustees or managers from sending other documentation to a member in addition to the simpler annual benefit statement where they believe that will be useful to the member and/or is personalised for them. This documentation can accompany the statement and be sent at the same time, but must be separate to the statement itself and in any pack of material the statement should be the first substantive document provided.
43. For example, if trustees or managers provide a covering letter when sending out a simpler annual benefit statement, then the statement itself should follow immediately after that letter and any accompanying documents trustees or managers choose to send with the annual statement should follow it.
44. The trustees or managers will, therefore, need to decide, taking into account this Guidance, whether information which is not required to be given by regulation 17 of, and Schedule 6 to, the Disclosure Regulations should be included in the simpler annual benefit statement (forming part of the statement) or should be provided separately within the layering of any additional documentation they send to their members.
45. Trustees or managers of schemes should take a proportionate approach to the provision of any additional documentation and ensure that it is short, simple and accessible.

On-line and digital formats

46. The 2021 Regulations do not prevent trustees or managers from providing statements by email or online. Statements provided in that format must not,

however, be longer than the maximum permitted length of one double-sided sheet of size A4 paper when the information is printed, unless the exemption is applicable. Trustees or managers are reminded that regulation 26 of the Disclosure Regulations requires that where a member is provided with information in an electronic format (such as online statements), the member must be able to print and store the online statement or other information.

Alternative formats and accessibility

47. Regulations 26 - 28 of the Disclosure Regulations regarding provision of alternative formats and accessibility are not changed by the 2021 Regulations.
48. Trustees or managers should satisfy themselves that they have adequately taken account of the needs of disabled people when giving information to a member and when signposting a member to a website for further information.
49. Examples of factors trustees and managers should take into account include, but are not limited to:
 - whether screen reading software used by visually-impaired and blind people can read the content and in a logical sequence;
 - whether the text can be enlarged and the contrast is adequate so it can be read by visually impaired people;
 - whether the text is simply and clearly written for the benefit of cognitively impaired users.
50. Trustees or managers may wish to take account of the web content accessibility guidelines (WCAG) 2.1⁶, published by the Web Accessibility Initiative⁷, established by the World Wide Web Consortium (W3C), in verifying that the content takes account of the requirements of disabled people.
51. Although this Guidance is about the format and content of the annual benefit statement, the attention of trustees or managers is drawn to the exception in new regulation 17(14) of the Disclosure Regulations concerning the provision of the annual benefit statement in an alternative format. It applies where the member in question requests that the statement is provided in a different format and the trustees or managers are reasonably satisfied that it is necessary to do so in order to comply with their duties under the Equality Act 2010.

⁶ <http://www.w3.org/TR/WCAG21/>

⁷ <http://www.w3.org/WAI/>

Illustrative template – Simpler annual benefit statement

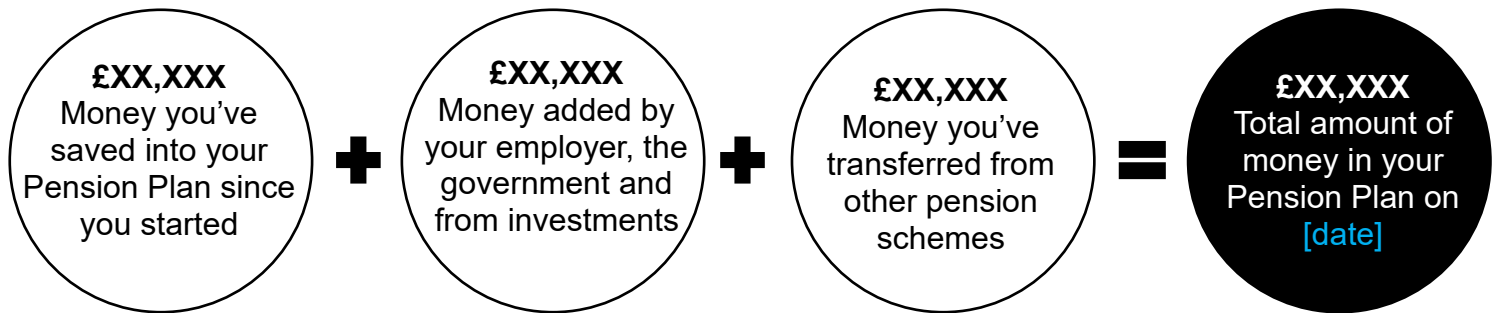
Statement title including year covered

1. Member & Pension Scheme Details

Your Annual Statement shows you three things:

- How much money you already have in your Pension Plan
- How much money you could have on your [\[retirement date\]](#)
- What you can do to give yourself more money in retirement?

2. How much money you already have in your Pension Plan



Last year

The total amount of money in your Pension Plan on [\[date for previous year\]](#) £XX,XXX

This year

	Money Out	Money In
You have saved into your Pension Plan		£XX,XXX
Your employer has added		£XX,XXX
The government has added – through tax relief (if applicable/available)		£XX,XXX
Your investments have increased or decreased in value after charges (if separate costs and charges are unavailable)		£XX,XXX
or		
Costs and charges have been deducted from your pension plan	£XX,XXX	
You have transferred money from another pension scheme		£XX,XXX

The total amount of money in your Pension Plan on [date]	£XX,XXX
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If you asked to transfer your money to another pension scheme on [\[date\]](#), we would have transferred £XXX,XXX

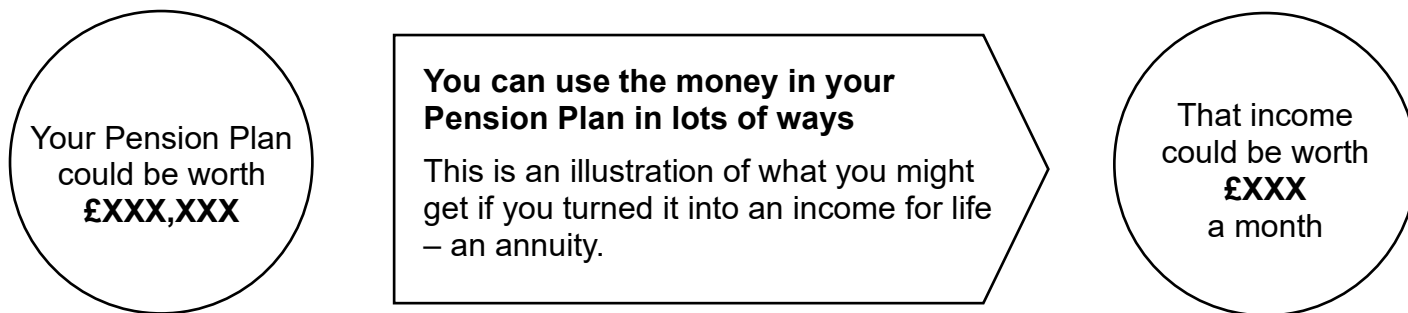
Find out about costs and charges that apply to your Pension Plan, why we think they are good value for money and how they might affect the value of your Pension Plan over time at [\[web link\]](#)

Find out more about your Pension Plan on our website [\[web link\]](#)

Here you can find more information about your Pension Plan including: how money goes in and out; how to transfer money in from another pension scheme; how the pooled funds that your money is invested in work; and [\[reference to TFCD report where necessary\]](#)

Find out more on how we invest your money [\[web link\]](#)

3. How much money you could have on [\[age reached and date of retirement\]](#)



The text here should provide the member's estimated retirement income illustration information and explanations of the factors that could impact on that estimate, using simple, jargon-free, language that can easily be understood by the member.

Signposting to further information to help the member understand the income illustration, including the assumptions made, can be included in this section.

4. What you can do to give yourself more money for your retirement

The text here should provide prompts to help a member consider how much money they will need when they retire, noting other sources of income they may have, including the State Pension, and options that may be available should the member want to improve their retirement outcomes through their pension plan. This could include prompts to:

- Save more money into their pension plan with an illustration showing how saving more may generate a bigger pension pot at retirement; and
- Give their pension pot more time to grow.

These prompts could be supported by appropriate signposting to tools and information provided by the scheme, or other services including MoneyHelper that can help members consider their needs in retirement.

Prompts should flag up that members can check for lost pensions via the Pension Tracing Service – [\[web link\]](#) and alert them to pension scams.

5. Find out more about your pension plan and how you can use your money

Text here should invite the member to contact the scheme if they want further information about their pension plan or to update their details.