Sackers

DC hot topic

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TPR's guide to communicating and reporting

TPR's revised Code of practice on the governance and administration of occupational trust-based schemes providing money purchase benefits came into force on 28 July 2016.

To coincide with this, TPR published the final versions of its "how to" guides. These are intended to help trustees implement the Code.

The six new guides reflect the key areas of the Code, where TPR sets out its expectations in more detail.

This note sets out some headline points in relation to the guide to communicating and reporting.

1 Knowing your members and seeking their views

- Use appropriate and proportionate methods (according to scheme size and resource) for finding out members' views, such as social media, member surveys, a member AGM
- Choose those which are most likely to engage members.

2 Communicating with members

- Communications should be accurate, clear, relevant and in plain English
- Be careful to avoid giving advice
- Consider segmentation to allow the format, tone and language to be tailored to the audience
- Review communications at appropriate intervals, such as after a change in the member demographic or following innovations in technology
- An example "best practice process" for providing information at retirement is included in the guide.

TPR's guide to communicating and reporting cont.

3

Annual benefit statement

Best practice:

- include statements which highlight the relationship between member contributions and good member outcomes
- include information about the member's rights in respect of flexible benefits, including which benefits are available directly from the scheme
- include information about the charges a member has paid over the year, ideally expressed in pounds and pence as well as a percentage.

For members approaching retirement, trustees could:

- signpost Pension Wise to members aged 50 or over
- send additional information about the member's investments in the scheme.

4

Reporting – Chair's annual governance statement

- The format should depend on the scheme's chosen communication style and assessment of what would best suit the needs of members
- If a scheme is in wind-up at its year end a statement may not be needed. Consider whether the wind-up is likely to have completed within the next seven months
- DB schemes with a money purchase underpin only need to produce a statement where the underpin actually applies in relation to at least one member.

5

Reporting – Statement of Investment principles ("SIP")

Best practice for default arrangements:

If appropriate for members, include:

- further details about the factors or assumptions relating to member characteristics that trustees have taken into account when setting their investment objectives and strategy
- details about other aspects of the trustees' investment governance arrangements.

For further information, training and assistance with meeting your legal requirements please speak to your usual contact at Sackers or visit www.sackers.com/dc-schemes.

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