

DC hot topic

February 2017

TPR's guide to value for members



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 value for members.](#)

1

Key considerations for a value assessment

- All members should receive good value from their pension scheme
- There is no single approach to an assessment
- Trustees need to use their own judgement to determine whether the scheme offers good value
- The assessment should consider the quality and scope of scheme provision as well as the cost
- Trustees should try to assess how their scheme compares with other options available in the market.

2

Legal duty to assess value

Best practice:

- The duty to prepare a chair's annual governance statement applies to most occupational DC schemes and the DC elements of hybrid schemes
- The statement must include an explanation of the trustees' assessment of the extent to which the member-borne costs and charges represent good value for members
- TPR suggests trustees consider reporting on the overall value offered by the scheme to provide context for their legal assessment. This might include consideration of:
 - the scheme's governance framework
 - security of assets
 - any employer contribution to the cost of services and / or the value for money of services paid for by the employer
 - the level of employer contributions.

TPR's guide to value for members cont.

3

Approach to assessing value for members

Key steps:

- gather information on what the scheme provides for members and at what cost
- assess the scope and quality of scheme services to members
- evaluate the scope and quality against the costs
- report on the outcomes and take action to address poor value.

Best practice:

Describe:

- the preparations for the assessment
- the assessment process, including the factors considered
- the outcomes
- the reasoning for the decisions and conclusions
- how any areas of poor value will be addressed or explain the reasons why the trustees cannot address them.

4

Monitoring and evaluation

Best practice:

- ensure services are monitored on an ongoing basis
- consider any developments during the year that could affect good value, such as changes to legislation, technological developments, membership numbers and the level and reasons for member complaints.

Trustees should:

- guard against a deterioration in value for members
- regularly assess service providers' performance against defined targets, measures and / or objectives
- review the approach to the value for members assessment each year and consider whether it remains fit for purpose.



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.