

## Simpler annual statements – response to consultation and final regulations

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### Introduction

On 19 October 2021, the DWP published its [response](#) to the [consultation](#) on proposed regulations and statutory guidance to introduce simpler annual statements for members of DC auto-enrolment schemes. [Final regulations](#) (“the Regulations”) were laid before Parliament on the same day.

### Key points

- With effect from 1 October 2022, trustees / managers of DC auto-enrolment schemes will be required to issue “simpler annual benefit statements” (“the Statement(s)”) to their members (excluding pensioners).
- Subject to trustees’ / managers’ duties under the Equality Act 2010, the Statements must not exceed one double-sided sheet of A4 paper when printed and may be provided in hard or soft copy.
- Trustees / managers will be required to have regard to [statutory guidance](#) concerning the content and layout of the Statements.

### Background

In November 2019, the Government consulted on how annual workplace benefit statements could be reformed and made simpler, shorter and more consistent so that they support better engagement with their workplace pensions by members. 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 2017 Review of Automatic Enrolment.

Following positive feedback to its proposals, in October 2020 the Government set out its intention to mandate an approach to simpler statements for DC auto-enrolment schemes. That intention was taken forward in the May 2021 consultation which sought views on draft regulations to introduce the new requirements as well as draft accompanying statutory guidance.

## What's changing?

The Regulations will amend the format of the annual benefit statements which must be sent to members (excluding pensioners) of DC auto-enrolment schemes within 12 months of the end of each scheme year. With effect from 1 October 2022, the relevant information, for example the amount of contributions credited to the member during the scheme year, must be provided in a statement not exceeding one double-sided sheet of A4 paper when printed.

This is intended to enable a member to see:

- how much money they have in their pension plan and what has been saved in the statement year
- how much money they could have when they retire
- what they could do to give themselves more money at retirement.

## Statutory guidance

The guidance explains how the Statement should be structured and how the information that is included should be presented and includes an illustrative template. This is intended to ensure there is consistency between schemes, while recognising the need to allow for some flexibility of approach.

The template is divided into five sections:

- **Member and Pension Scheme details** (including, among other things, the member's anticipated retirement date)
- **How much money you already have in your Pension Plan** – this information should enable the member to see and understand at a glance the year end results of the pension savings activity for their current plan. It 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 pension schemes) and the IGC / GAA annual report (where applicable, for contract-based schemes), is publicly available and can be accessed via a clearly signposted web link. The Government encourages trustees / managers to provide additional information on transaction costs and charges where possible. The information should be presented in accessible and jargon-free language
- **How much money you could have when you retire** – this section should provide an illustration of how much the member's pension could be worth at their anticipated or agreed retirement date and what this may mean for estimated retirement income (including information on the use of assumptions)
- **What you could do to give yourself more money** – the aim of this section is to prompt the member to think about their retirement income and retirement lifestyle as a whole. Trustees / managers are encouraged to provide information in the Statement around actions that may enable members to plan and save more for their retirement, including an illustration showing how saving more and / or changing their retirement age may generate an increased pension pot
- **Find out more about your Pension Plan and how you can use your money** – trustees / managers should include contact details for the scheme, and remind members to check and update their contact details.

Trustees / managers may use their own branding, but this should not "obscure the flow of information" or increase the Statement's length beyond the permitted limits. In addition, trustees / managers may provide

supplementary information where they believe it will be useful to members and / or is personalised for them. This documentation can accompany the Statement and be sent at the same time, but must be separate from the Statement itself and, in any pack of material, the Statement should be the first substantive document provided.

The DWP encourages voluntary adoption of the principles of the guidance (ie statements that are a maximum of one double-sided sheet of size A4 paper with simple, jargon-free language) and considers that schemes not within the scope of the new requirements may find it helpful for any redesign of their annual benefit statements.

### **Alternative formats and accessibility**

Trustees / 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 to a website for further information. Examples of factors trustees / 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.

## Next steps

The Regulations will come into force on 1 October 2022. They will require the Secretary of State to carry out a review of their effectiveness and to publish a first report before 1 October 2027 and within every five years after that. The DWP will consider the lessons learnt from the review when deciding whether to extend this approach to other schemes.