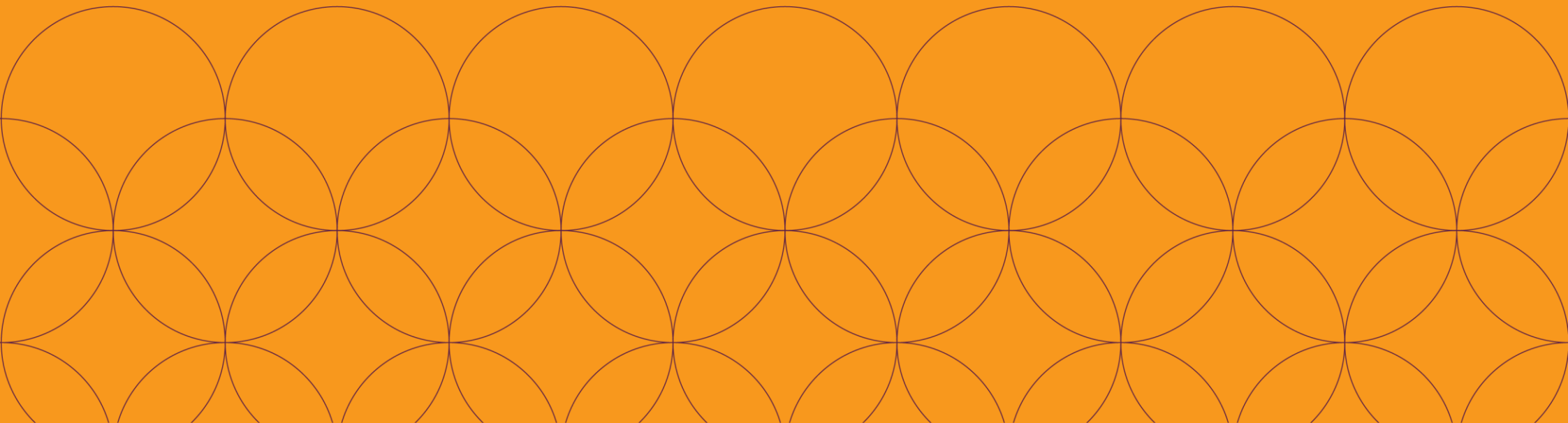


PIA Seminar

Costs and charges transparency: regulatory landscape | 26 January 2022

Jacqui Reid, Partner



Speaker

Sackers



Jacqui Reid

Partner

- 1 Costs and charges disclosure duties for trust based schemes
- 2 Corresponding statutory regime for contract based arrangements
- 3 Setting costs transparency in its wider context of value for money
- 4 Likely regulatory approach in the future

Costs and charges disclosure duties for trust based schemes

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Assess and report on charges and transaction costs (where possible)

Chair's statement disclosure on publicly available website

Cumulative illustrations

Decumulation as well as accumulation?

Annual benefit statement requirements

Assess and report on charges and transaction costs at “scheme level” (no caveats)

Publish cumulative illustrations

Ensure that charges, transaction costs and cumulative illustrations published on website

Must be straightforward for members to compare their costs


Applies to pathways from 6 April 2020

Same annual benefit requirements


These duties fall on the IGC/GAA not the provider

Duties for providers and firms holding charges and transaction cost information

Sackers



Best endeavours
to provide
information



Must respond in
a reasonable time
and in a reasonably
acceptable format

Charges and transaction costs definitions the same across trust and contract

BUT

Requirements more onerous for contract than trust

Greater liability for non compliance on trustees (NB reputational risk)

Trust disclosure has in practice been more granular than in some contract based arrangements but will change in 2022

Greater granularity may be on the horizon – naming employers?

Costs and charges disclosure in its wider context of value for money

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Comparison of value for money requirements across trust and contract

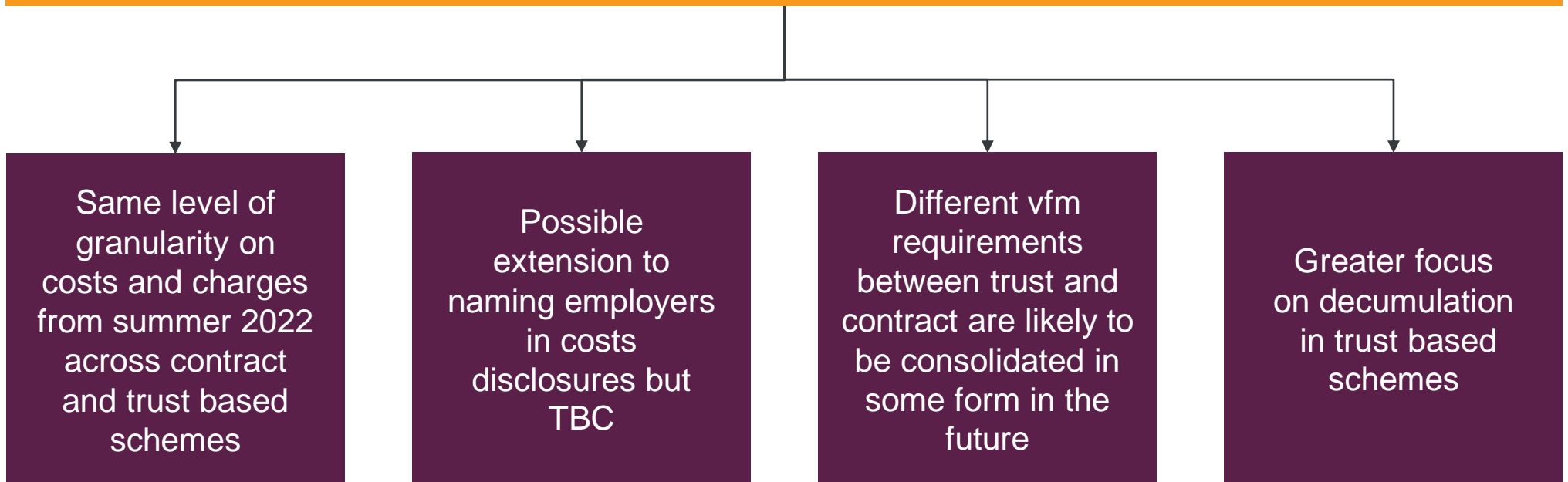
Greater disclosure for trust based schemes at the moment: investment performance returns (from October 2021)

BUT

Market comparisons required for contract based pensions (from October 2021)

FCA/TPR discussion paper (September 2021) likely to bring the two regimes together

Direction of travel indicates



Consistent with recent WPC call for parity in approach to pensions across the pensions landscape

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