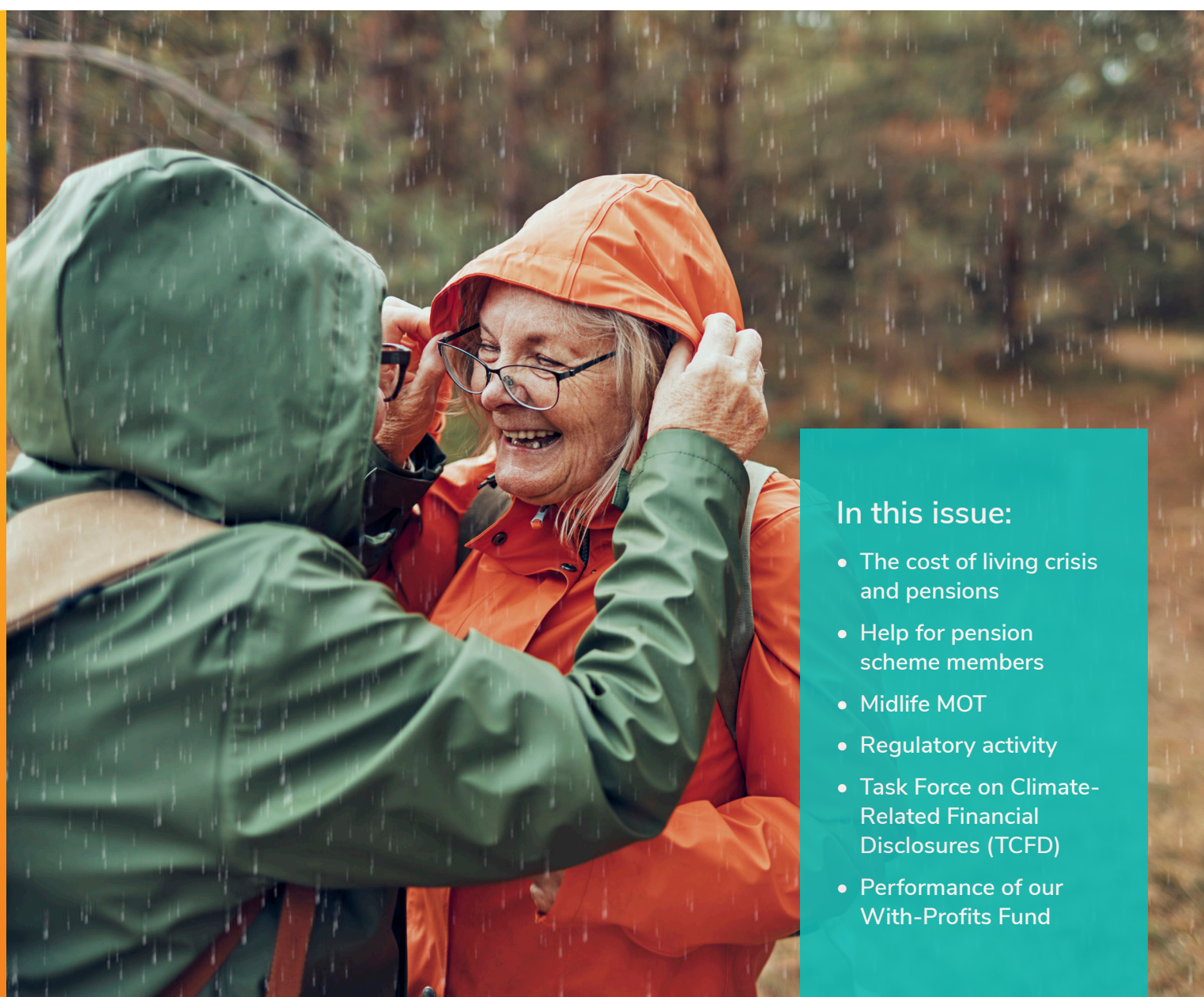


# Corporate Pensions Newsletter – October 2023

For trustees and employers



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- The cost of living crisis and pensions
- Help for pension scheme members
- Midlife MOT
- Regulatory activity
- Task Force on Climate-Related Financial Disclosures (TCFD)
- Performance of our With-Profits Fund



# Welcome to the October newsletter

In our second newsletter, we give an update on the cost of living crisis, let you know about a number of other regulatory and industry developments that have occurred over the past few months and provide details on the performance of our With-Profits fund.





## The cost of living crisis and pensions

Despite inflation falling to 6.7% in August 2023 and remaining the same in September 2023 ([Office for National Statistics, October 2023](#)), the cost of living crisis continues to dominate media headlines. Mortgage payers are facing the most expensive home loans for 15 years, with the average 2 year fixed rate mortgage running at 6.66% in July 2023 ([Moneyfactscompare.co.uk, July 2023](#)). As many fixed rate deals come to end, more individuals are struggling to meet their housing costs. Alongside this, those in rental properties are seeing the cost of rent spiralling as landlords pass on increased mortgage and housing costs.

As mentioned in our previous newsletter (May 2023), the cost of living crisis heightens the risk of pension scams as scammers prey on the vulnerable tempting them with promises of higher returns or early access to their pensions. According to the latest results from the Pension Scam Assessment between April and June 2023, the number of people being approached unsolicited about the transfer of their pension increased in the second quarter of 2023. 5% of people who completed the Pension Scam Assessment tool were approached directly, whilst 25% of those approached were pressured to make a quick decision on whether to transfer. See [Pension Scam Assessment Results – 2023 \(Help & Advice\)](#) for more information.

To help pension schemes assist their members with the cost of living crisis, The Pensions and Lifetime Savings Association (PLSA) have published the following guidance:



- 1 How schemes can support savers overall wellbeing, signposting them to mental health resources, basic budgeting support, government benefits and information on protecting themselves from scams. For more information, see below:



**PLSA publishes guidance for pension schemes to help savers with higher cost of living (PLSA, June 2023)**

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How schemes can support savers fiscal health in retirement, including information on saving for retirement, accessing pension money early (for over 55s), and what schemes might say to savers looking to opt out or opt down. For more information, see below:










**Supporting savers through the cost of living crisis: a resource for schemes (PLSA, May 2023)**





## Help for pension scheme members

We have a number of tools such as our retirement contributions calculator, and workplace and AVC websites available to help your members plan for their retirement and understand their pension scheme. These can be accessed through the following links:

-  [Pension, Income Tax & Retirement Calculators \(Prudential\)](#)
-  [MPP Workplace Pension Plan \(Prudential\)](#)
-  [GPP or SHP Workplace Pension Plan \(Prudential\)](#)
-  [Group AVC \(Prudential\)](#)
-  [Local Government AVC \(Prudential\)](#)
-  [Teachers' AVC \(Prudential\)](#)
-  [NHS AVC \(Prudential\)](#)

Please feel free to share these links with members of your pension scheme.

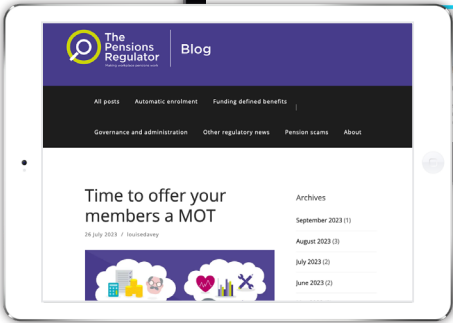
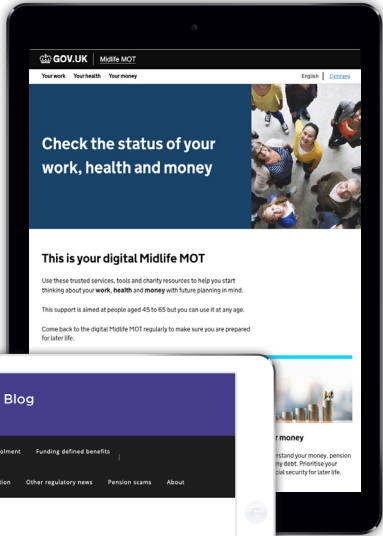
## Midlife MOT

The Department of Work and Pensions (DWP) launched a new Midlife MOT website ([gov.uk/midlife-mot](http://gov.uk/midlife-mot)) in July 2023. It brings together existing government resources on work, health and money. The 'your money' section of the website helps people understand pension and later life planning. It also includes a link to the new Money Midlife MOT tool provided by MoneyHelper.

The DWP are seeking support from pension schemes by signposting the Midlife MOT website to its members. They want to reach as many individuals as possible who could benefit from using the digital Midlife MOT. This will be critical to help people make informed decisions and is seen as an important tool for pension and later life planning. It will also help update and further develop the digital Midlife MOT appropriately, ensuring it is informative and user friendly. Signposting can be through the communication channels you think are most appropriate.

The Pensions Regulator (TPR) have also published a blog in July 2023 which Louise Davey, Interim Director of Regulatory Policy, Analysis and Advice, explains how and why pension schemes should encourage take-up of the Government's enhanced digital Midlife MOT among their members. You can access the blog below:

 [Time to offer your members a MOT \(TPR\)](#)



## Regulatory activity

There continues to be a lot of regulatory activity, including several new consultations. Here's a summary of some of the recent items of interest:

<b>FCA Consumer Duty</b>	<p>Consumer Duty came into effect from 31 July 2023. It sets higher expectations for the standard of care firms give consumers. This includes consumer understanding, consumer support, product and services governance and fair value. Whilst we've always strived to deliver good outcomes for our customers, we've undertaken a full review of all of our processes and marketing literature to ensure we are compliant with the new requirements.</p>
<b>Abolition of the lifetime allowance</b>	<p>HMRC published draft legislation and a policy paper on abolishing the pensions lifetime allowance on 18 July 2023. The draft legislation proposes that the lifetime allowance will no longer apply from 6 April 2024, although authorised lump sums and lump sum death benefits will continue be tested against a new threshold, which will be the same as the current lifetime allowance of £1,073,100. The maximum tax-free limit for a pension commencement lump sum (PCLS) or uncrystallised funds pension lump sum (UFPLS) will remain at £268,275, except where protections apply. Any funds taken as a PCLS or UFPLS will also count towards the overall tax-free limit of £1,073,100, or protected amount. See <b>Abolishing the pensions lifetime allowance (GOV.UK)</b> for more details.</p>
<b>Consultations</b>	<p>Following on from the Chancellor's Mansion House speech, the Pensions Minister, Laura Trott, announced a number of pension policy related updates – a mix of responses to previous consultations and new consultations including:</p> <ol style="list-style-type: none"> <li>1. Small pension pots</li> <li>2. Helping savers understand their pension choices – supporting individuals at the point of access</li> <li>3. Call for evidence into pension trustee skills, capability and culture</li> </ol> <p><b>Previous consultation responses</b></p> <ol style="list-style-type: none"> <li>1. Extending opportunities for collective defined contribution pension schemes</li> <li>2. Value for Money: A framework on metrics, standards, and disclosures</li> </ol>
<b>Pensions (Extension of Automatic Enrolment) Act 2023</b>	<p>The Pensions (Extension of Automatic Enrolment) Act 2023 received Royal Assent on 18 September 2023. This is a private members' bill that introduces powers to allow the age threshold at which qualifying workers are automatically enrolled into workplace pensions to be reduced from age 22 to age 18. It also permits qualifying earnings limits to be amended, so that pension contributions are calculated from the first pound earned. The DWP are expected to issue a consultation in due course on implementing the new measures.</p>



# Task Force on Climate-Related Financial Disclosures (TCFD)




Since 1 October 2021, trustees of large occupational pension schemes, master trusts and collective defined contribution schemes (CDCs), have been required to identify, assess and manage climate related risks and opportunities. They also need to meet additional governance, disclosure and reporting requirements. As a result of these changes, trustees must now produce a TCFD report within 7 months of the end of the scheme year, and include a link to the TCFD report from the annual report and accounts.


Whilst the TCFD report currently applies to all master trusts, CDCs and larger occupational schemes (broadly those with assets greater than £1 billion), the DWP have confirmed they would conduct an interim review of the legislation during 2023. This will enable them to identify best practice and subject to consultation, extend the measures to smaller schemes as soon as 2024.

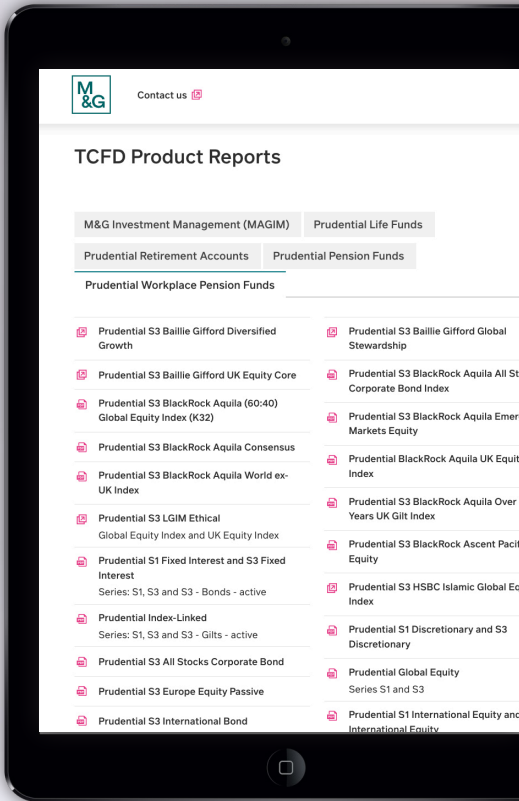
We've published TCFD product reports for each of our workplace pension funds on our website below to help trustees:

 **Task Force on Climate-Related Financial Disclosures (M&G)**

You can also find further guidance on the TCFD reporting requirements on the TPR and DWP websites below:

 **Governance and reporting of climate-related risks and opportunities**

 **Governance and reporting of climate change risk: guidance for trustees of occupational schemes (DWP)**





## Performance of our With-Profits Fund

In February this year, we announced the performance of our globally diversified With-Profits Fund for 2022. The Fund performed very effectively in extremely challenging investment markets. You can find more information about our With-Profits Bonus Declaration on our website below:




[With-Profits Bonus Declaration February 2023 \(Prudential\)](#)

We're proud to be one of the many sponsors of the pension industry's Pay Your Pension Some Attention campaign.

Our aim is to increase our customers' understanding and engagement with their pensions.

We've lots of useful tips, articles, tools and calculators that will help your members.

To find out more go to

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