



Department
for Work &
Pensions

Draft Statutory Guidance: Simpler Annual Benefit Statements

The Occupational and Personal Pension Schemes (Disclosure
of Information) (Amendment) Regulations 2022

May 2021

DRAFT STATUTORY GUIDANCE ISSUED PURSUANT SECTION 113(2A) of THE PENSIONS SCHEMES ACT 1993.

This guidance is produced for the purpose of consultation.

This Guidance does not have any effect unless the Occupational and Personal Pension Schemes (Disclosure of Information) (Amendment) Regulations 2022, which are currently the subject of consultation, come into force.

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Background

About this Guidance

Overview of regulatory approach

1. From 6 April 2022 the Occupational and Personal Pension Schemes (Disclosure of Information) (Amendment) Regulations [2022]¹ (“the 2022 Regulations”) introduce new requirements for the trustees or managers of defined contribution pension schemes that provide money purchase benefits only and that are used for automatic enrolment (“relevant schemes”). The 2022 Regulations amend the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013² (“the Disclosure Regulations”) to reflect the new requirements.
2. The amendments made by the 2022 Regulations require the trustees or managers of relevant schemes to present the information given in accordance with regulation 17 of the Disclosure Regulations³ relating to a member’s money purchase benefits and other information relevant to the member in question, they elect to include as part of an annual benefit statement (“the simpler annual benefit statement”), in a format that does not exceed one double-sided sheet of A4 paper when issuing a paper statement and the equivalent length when the information is printed, if issuing an email or online statement. There are limited exceptions to this requirement (e.g. where the member is already in receipt of benefits under the scheme).

Purpose of this Guidance

3. The purpose of this Guidance is not to restate the legal requirements for those schemes that fall within the scope of the 2022 Regulations, but instead to help trustees or managers understand how to meet them where they apply.
4. Trustees or managers must, in accordance with section 113(2A) of the Pension Schemes Act 1993, have regard to this Guidance when complying with the requirement to provide an annual benefit statement to a member that does not exceed one double-sided sheet of size A4 paper when printed.
5. A basic template for a one double-sided sheet of A4 size simpler annual benefit statement, which forms part of this Guidance, serves to illustrate how the information that trustees or managers provide for their members (excluding

¹ [insert web link to regulations when link available]

² <https://www.legislation.gov.uk/ukxi/2013/2734/contents/made>

³ Schedule 6 specifies the information that must be provided in accordance with regulation 17.

pensioner members) should be ordered and presented to ensure that there is consistency across schemes.

Expiry or review date

6. This Guidance will be reviewed at intervals not exceeding 3 years to coincide with the review of the 2022 Regulations. The Statutory Guidance will be updated in the intervening years if required.
7. When we review the Guidance we will consider, for possible inclusion, lessons from established and emerging best practice of the way in which the simpler annual benefit statements are produced.

Audience

Who is this Guidance for?

8. This Guidance is for trustees or managers of relevant schemes that are subject to the new requirements set out in the 2022 Regulations.
9. Trustees or managers of other schemes may also find this Guidance helpful when carrying out any redesign for their annual benefit statements not within the scope of the 2022 Regulations. Adoption of the principles of this Guidance - statements that are a maximum of one double-sided sheet of size A4 paper with simple, jargon-free language - is encouraged on a voluntary basis.

When should this Guidance be followed?

10. Trustees or managers of relevant schemes must adopt the simpler annual benefit statement format from 6 April 2022.
11. However, where trustees or managers of relevant schemes have already given an annual benefit statement to a member prior to the 6 April 2022 based on the legislation in place on or before 6 April 2022, there will be no requirement to re-issue the statement to the member as a consequence of the 2022 Regulations.

Legal status of this Guidance

12. This Guidance is statutory guidance published under section 113(2A) of the Pension Schemes Act 1993.

Compliance with this Guidance

13. For occupational pension schemes, the Pensions Regulator (TPR) monitors and enforces compliance with legislation and provides practical guidance about what trustees or managers need to do. The Department for Work and Pensions (DWP)

is responsible for answering questions about the policy intentions underpinning the legislation.

14. Where there is a failure to comply with a requirement under the Disclosure Regulations - including where this is as the result of a failure to have regard to this Guidance and Template - TPR may take enforcement action which includes the possibility of a financial penalty.
15. Regulation 5 of the Disclosure Regulations⁴ sets out the penalties for failure to comply with the disclosure requirements under those Regulations, including any failure to comply with the disclosure requirements inserted into the Disclosure Regulations by the 2022 Regulations.

⁴ [Disclosure Regulations 2013 – Regulation 5](#)

Presentation of the Statement Template

16. This section of the Guidance explains how the basic Template is structured and how information that is included in a simpler annual benefit statement should be presented.
17. Trustees or managers are not required to include information in their statement that does not apply in any particular case. However, the Secretary of State for Work and Pensions recognises that trustees or managers may opt to include other information, not specified in regulation 17 of, and in Schedule 6, to the Disclosure Regulations, in their annual benefit statement as this may be helpful to the member. Therefore, sections 1 to 5 below cover the inclusion of other information and provide guidance about where this may be included in the simpler annual benefit statement.
18. Where other information is included with that which is required to be given by regulation 17 of the Disclosure Regulations as part of a member's annual benefit statement, the statement must not exceed the permitted limit when it is printed (draft regulation 17(12) & (13), as inserted by regulation 2 of the 2022 Regulations).

Format and Structure

19. The template is divided into 5 sections. The information in a simpler annual benefit statement should enable the member to easily understand:
 - how much money the member has in their pension plan and what has been saved in the statement year;
 - how much money they could have when they retire; and
 - what they could do to give themselves more money at retirement.

Section 1: Member and Pension Scheme details

20. This section should include the personal details of the member; their employer; the pension scheme provider; and any further verification information, including the member's anticipated or agreed date for retirement and the period covered by the statement.

Section 2: How much money you already have in your Pension Plan

21. This section should provide key information, as set out in Part 1 (information for all money purchase members) of Schedule 6 to the Disclosure Regulations, regarding: contributions credited to the member; the total amount of money saved by the member to date; and any monies transferred into the pension scheme by the member from other pension schemes. Where the member is in receipt of tax relief this may be shown in this section.
22. This information should be presented in such a way that enables the member to see and understand at a glance the year end results of the pension savings activity for their current pension plan.
23. This information should also include a line informing the member that the details on charges and transaction costs, along with other certain information contained in the Chair's Statement which must be published, is made publicly available with clear signposting to a web link showing where and how it can be accessed. Further information as to how the member can obtain this published information in hard copy form should also be included in this section.
24. Many trustees or managers choose to provide additional information on transaction costs and charges in their annual benefit statements and the Government encourages trustees or managers to do this where possible. The costs and charges information should be presented in pounds and pence. If trustees or managers provide this information, then it may be included in this section and should clearly show the deduction of the costs and charges from the total amount in the pension savings plan. The information should be presented in accessible and jargon-free language.
25. This section should also include signposting to further information that the Disclosure Regulations require the trustees or managers to supply relating to the members' pension scheme. This includes:
 - the scheme's statement of investment principles;
 - a statement setting out how and the extent to which the statement of investment principles has been followed during the year, including any review or change of the statement of investment principles and a description of the voting behaviour by, or on behalf of, trustees (including the most significant votes cast by trustees or on their behalf) – "the implementation statement";
 - Details of how the member can obtain information about the pooled funds in which their assets are invested;
 - Where applicable, a link to the scheme's climate change report – "the TCFD report".

Section 3: How much money you could have when you retire

26. This section should provide the member with an illustration of how much their pension plan could be worth at the member's anticipated or agreed date for retirement and what this may mean for their estimated retirement income.
27. Information which is required to be given with the pensions illustration, including relating to the use of assumptions⁵ when calculating the pension illustration should be included in this section.
28. The information provided about the assumptions that have been used for the illustration should be written in such a way that it can be easily understood by the member, with further signposting to additional information being provided for members to easily access should they require it.
29. If the trustees or managers decide to include information specified in Part 3 (further information to be given on pension illustration) of Schedule 6 as part of the annual benefit statement, it may usefully be included in this section of the template.

Section 4: What you could do to give yourself more money

30. Section 4 is about prompting a member to think about their retirement income and retirement lifestyle as a whole, including their expectation of income from a State Pension or from other sources and what they could do to give themselves more money in retirement.
31. Trustees or managers are encouraged to provide information in a simpler annual benefit statement around actions that may enable members to plan for their retirement, including; a) an illustration showing how saving more into their pension pot may generate an increased pension pot at retirement, and b) changing the age at which they plan to retire. Appropriate signposting may also be provided to further information showing the impact of changes and how the member can apply to make them.
32. There is a range of additional information that may be provided in this section, including:
 - Signposts to tools which enable the member to consider their income needs in retirement which may prompt them to save more or over a longer period of time;
 - Signposts to sources of additional help and information, including the pension provider's own site; the Money and Pension Service for general information about pensions; and Pension Wise for members who are aged 50 or over who are considering their options for accessing their pensions;

⁵ See regulation 17(5) of, and paragraphs 9 to 14 of Schedule 6 to, the Disclosure Regulations.

- Signposting a member with multiple pension plans to information which may help them consider consolidating their pensions savings in to one pension plan; and
- A reminder for the member to check for pensions they have with previous employers, but for which they may have lost contact details, through the Pension Tracing Service⁶.

Section 5: Find out more about your Pension Plan and how you can use your money

33. This section contains details enabling the member to contact the pension scheme provider for further information regarding their pension plan directly by phone, in writing, by email or through the pension scheme provider's website.
34. A reminder for the member to check and update their contact details, should they not correspond to those listed in their current statement.

Design

35. Pension scheme trustees or managers are able to use their own branding colour schemes or branding but this should not obscure the flow of information as detailed above and illustrated in the template, nor increase the length of the annual statement beyond the limits permitted by the 2022 Regulations.
36. Typeface and font should be of a size that is easily readable and accessible and where members are signposted to websites these should be appropriately titled so that members can readily re-type each website address into a web browser.

Layering

37. The meaning of 'layering' in this context is the provision of other documents that trustees or managers of relevant schemes provide to a member in addition to the simpler annual benefits statement and which are intended to complement the information contained in the statement.
38. The requirement to ensure that an annual benefit statement does not exceed one double-sided sheet of A4 size paper (and the basic Template) are not intended to prevent trustees or managers of relevant schemes from sending other documentation in addition to the simpler annual benefit statement to their members, where they believe this is useful to the member and/or is personalised for them. This can accompany the statement and be sent at the same time, but additional material should be in a separate document/documents to the statement

⁶ <https://www.findpensioncontacts.service.gov.uk>

itself and in any pack of material the statement should be the first substantive document provided.

39. For example, if trustees or managers provide a covering letter when sending out a simpler annual benefits statement, then the statement itself should follow immediately after that letter and any accompanying information / documentation trustees or managers choose to send out together with the annual statement should follow the annual statement.
40. The trustees or managers will, therefore, need to decide, taking into account this Guidance, whether information which is not required to be given by regulation 17 of, and Schedule 6 to, the Disclosure Regulations should be included in the simpler annual benefit statement (forming part of the statement) or should be provided separately within the layering of any additional documentation they send to their members.

Alternative formats and accessibility

41. Regulations 26 - 28 of the Disclosure Regulations regarding provision of alternative formats and accessibility are not changed by the 2022 Regulations.
42. Trustees or 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 a member to a website for further information.
43. Examples of factors trustees and 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.
44. Trustees or managers may wish to take account of the web content accessibility guidelines (WCAG) 2.1⁷, published by the Web Accessibility Initiative⁸, established by the World Wide Web Consortium (W3C), in verifying that the content takes account of the requirements of disabled people.
45. Although this Guidance is about the format and content of the annual benefit statement, the attention of trustees or managers is drawn to the exception in new regulation 17(14) of the Disclosure Regulations concerning the provision of the annual benefit statement in an alternative format. It applies where the member in question requests that the statement is provided in a different format and the

⁷ <http://www.w3.org/TR/WCAG21/>

⁸ <http://www.w3.org/WAI/>

trustees or managers are reasonably satisfied that it is necessary to do so in order to comply with their duties under the Equality Act 2010.

46. The one double-sided sheet of A4 size simpler annual benefit statement may be exceeded when providing a member with a translation of their statement from English into another language, if that language requires more space to produce a direct translation of the information on the statement.

Draft illustrative template – Simpler annual benefit statement

Statement title including year covered

To note:
Suggested text - regular
Instructive text - *italics*

1. Member & Pension Scheme Details

Verification information including:

Employer details
Pension Scheme

Member details

Scheme Retirement Date

Summary of information shown in the statement

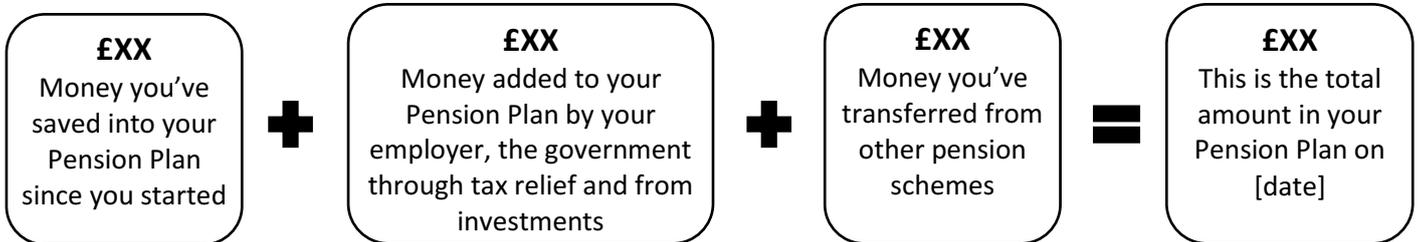
- How much you already have in your Pension Plan
- How much you could have on your *[retirement date]*
- What can you do to give yourself more money in retirement?

2. How much money you already have in your Pension Plan

The total amount of money in your Pension Plan on [date]

£XXX

This is what you have in your Pension Plan



Last year

The total amount of money in your Pension Plan on [date for previous year]

£XXX

This year

You have saved into your Pension Plan

£XXX

Your employer has added

£XXX

The government has added – through tax relief (if applicable)

£XXX

Your investments have increased or decreased in value (after charges if applicable)

£XXX

Costs and charges have been deducted from your pension plan (if available)

£XXX

You have transferred money from another pension scheme

£XXX

If you asked to transfer your money to another pension scheme on [date], we would have transferred

£XXX

Find out about costs and charges that apply to your Pension Plan, why we think they are good value for money and how they might affect the value of your Pension Plan over time at [\[web link\]](#)

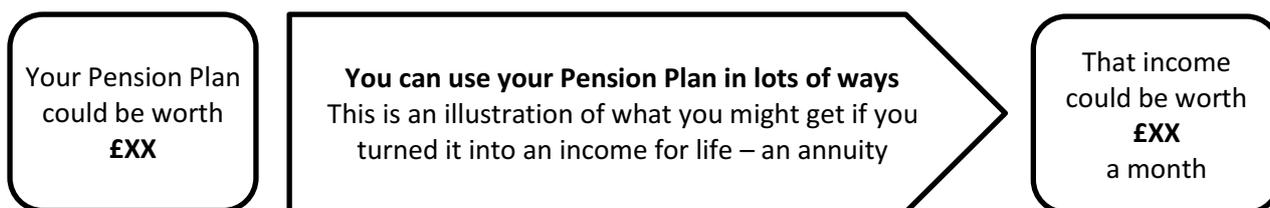
Find out more about your Pension Plan on our website [\[web link\]](#)

Here you can find out: how money goes in and out of your Pension Plan; how to transfer money in from another pension scheme and how we invest your money – *This should include pooled funds and where applicable information on climate change.*

Further signposting and web links to information that must be provided should be included here

Statement title including year covered

3. How much money you could have on [age reached and date of retirement]



Text here should provide the member's estimated retirement income illustration information and explanations of the factors that could impact that estimate using simple, jargon-free language.

Signposting to further information and statements required regarding the estimated retirement income illustrations including the assumptions made, can be included in this section.

4. What you can do to give yourself more money for your retirement

Text here should provide prompts for members to consider their retirement income and the lifestyle they want to have in retirement.

This could include:

Options available should the member wish to improve their retirement outcomes

Consideration from other sources including the State Pension and other pension pots

How delaying retirement could improve their retirement outcomes

An illustration showing how saving more may generate an increased income in retirement

Appropriate signposting to tools and information that can help members consider their needs in retirement

*This should include web link to **Money and Pension Service** for general information about pensions and **Pension Wise** for members aged 50 or over who are considering their options for accessing their pensions*

*Money and Pension Service – **[web link]***

*Pension Wise – **[web link]***

*Check for lost pensions via the Pension Tracing Service – **[web link]***

5. Find out more about your pension plan and how you can use your money

Invitation to member to contact should they need any further information about their pensions

Pension scheme details, including email address, postal address and telephone number and web site.

Note about accessibility

Reminder to check information is correct