Housing Briefing, May 2024
Shift in timescales for changes to DC schemes in TPT

TPT Retirement Solutions (TPT) has recently sent an updated communication to employers about the planned developments to their Defined Contribution (DC) schemes, including the DC section in the Social Housing Pension Scheme (SHPS). The main message in this communication was that these developments will now be delayed.

In this briefing, we outline the changes announced by TPT and what they mean for employers and members.

We discussed the upcoming developments to TPT DC schemes in our previous briefing.

In the last couple of weeks, TPT appear to have taken feedback from many employers who were concerned that these developments were being introduced too quickly. The main concern expressed was that DC members had not been given enough time to make plans for the lengthy 'blackout period' that TPT would put into effect to make changes to their systems.

TPT ran a webinar last week detailing the reasons behind delaying the planned enhancements. If you were unable to originally attend, you can view a recording by registering here (this link may only be available for a short time).

TPT has stated the proposition and system changes will now not begin until Spring 2025, giving DC members enough time to prepare for any upcoming retirements or transfer requests.

TPT have also said that both employers and DC members will be given a clear 4 months' notice period before any changes are implemented. We have initially been advised the blackout period will begin around the end of March 2025.

In the blackout period DC members cannot make changes to their contribution levels via Benpal, or switch investment funds, request to transfer out or in, or request retirement from the scheme.

For employers, in the blackout period, the HR data system will be offline, so no changes would be able to be uploaded during that time.

In addition to allowing DC members more time to prepare for upcoming retirements, the above delays will now also give DC members more time to switch investment funds (if they wish) before the blackout period begins.

However, delaying this transition to Spring 2025 may bring additional challenges. For example, for some employers it will coincide with the payroll teams carrying out tax year-end reconciliations, pay awards, P60 and P11d production. For other employers, it could coincide with DB changes as a result of new contribution rates being implemented following the latest actuarial valuation.

We are expecting TPT to write to DC members this month to advise them of the update. The full functionality of Benpal has been re-instated, and members wishing to make alterations to their contributions will now be able to do so. Applications to transfer, retire and instructions to switch funds will also be made available again.

From conversations we have had with many employers, we know that the reversal of the upcoming blackout period will be welcomed by both DC members and employers, as many were not fully aware of the implications when they first received their initial communication from TPT at the beginning of April.

Many employers were concerned with the way contributions were going to be treated while the blackout period was in force, i.e. contributions invested in cash and then applied as a lump sum to each members DC account once the transition had been completed.

We've been advised that this is still the proposed course of action for Spring 2025.

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What happens now?

It is business as usual. Monthly submissions should continue, and DC members continue to view and amend their plans as normal. Unfortunately, the proposed changes to retirement options have also been put on hold and therefore, if members wish to access an annuity or a flexible access drawdown plan, they will still need to transfer away from TPT.

TPT have said that a further webinar will be conducted later in the year to keep employers in the loop with what will be happening and when.

We will continue to keep you updated as and when we are advised of any developments. We look on with interest to see how the proposition unfolds.

Reminder of the key changes to TPT DC schemes

For employers:

- Access to scheme management information, including the number of members registering using the new DC app and the number of death benefit nominations received.
- Improvements to the employer portal to make enrolment and uploading contributions easier.

For members:

- A drawdown product which provides a regular income up to age 95.
- A drawdown product which switches to a standard annuity from age 75.
- A 'rainy day' pay option which gives members the ability to withdraw funds as and when required i.e. a standard drawdown product.

Get in touch

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