

Housing Briefing, April 2024

Changes to DC schemes in TPT

TPT Retirement Solutions announced changes to the Defined Contribution (DC) schemes they run in a recent communication to employers. In this briefing, we outline the developments proposed and what they mean for employers and members.

The first area to flag applies to scheme members approaching retirement. While TPT migrates to its new administration platform, the current system will effectively be closed to members from the beginning of July until the end of September 2024.

TPT has advised members wishing to access their funds for retirement during this period to let them know by **31 May 2024**.

Although all members should be notified, it may be worth making sure that any employees who are about to retire are aware of this, to minimise any inconvenience caused by the system outage.

From autumn 2024 – in the first step in the transition to the new systems – employers should have access to scheme management information and insights, including the number of members registering for and actively using the new app, and the number of death benefit nominations received.

The member enrolment process will also be updated. Membership numbers will be automatically provided, so contributions can be immediately uploaded. This process should improve again in 2025 when the employer portal is upgraded.

Pension freedoms

Pension freedoms, introduced in 2015, give DC members much more flexibility. You may recall the government logo.



However, at present, TPT members can only access their funds at retirement through lump sums, taking income and a tax-free cash amount in tranches.

If a member wants a more flexible approach – or a guaranteed income via an annuity – they need to transfer away from TPT and source a pension product from another provider.

From autumn 2024, new developments will give members access to the full range of pension freedoms. TPT is introducing several solutions including a ‘do it for me’ approach, covering:

- 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.

Alternatively, members can make their own decisions and use their accumulated funds to access a regular drawdown income. TPT is also planning changes to its target date funds to facilitate the new options.

We broadly welcome these changes, which should bring benefits to both members and employers. However, there will be some disruption in the implementation period, and employers and members should plan accordingly.

Get in touch

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