

# The Consumer Prices Index (CPI)

This statement is intended to assist trustees and employers in managing the impact of the proposed changes, and to outline how The Pensions Regulator ('the regulator') will deal with this issue in our regulatory processes.

## **Options and impact assessment**

The impact of the changes is likely to be scheme specific. Any potential impact will depend on the precise scheme rules and the exact details of any legislative changes when finalised. So trustees may wish to prepare by reviewing their scheme rules and being clear about any expectations set around indexation in member communications. And trustees and employers will want to have an open and constructive dialogue on how they might respond when the changes are finalised, with a clear view of the impact on the scheme members.

Trustees should plan to communicate with members on the impact, as soon as possible, once known, even if the impact is likely to be negligible. They should also give serious consideration to an interim communication, to assist members who may be faced with decisions on transfers or retirement planning, or may be concerned about press coverage.

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### Ongoing decision making

Until any legislative changes are made, trustees should ensure that they continue to take decisions relative to the current state of the law.

### Regulatory processes

For the time being, the current scheme funding regime and associated processes will continue, and, in particular, payment schedules should remain in force. The regulator will continue to assess recovery plans on the current basis, and all other regulatory discussions will continue on this basis.

If, when the detail is clarified and the scheme specific effects are evident, the proposed changes result in lower estimated liabilities for schemes (meaning potentially lower future benefits for members than might have been the case if the statutory minimum continued to be determined in relation to RPI ) the regulator would expect that this would generally lead to shorter recovery plans resulting in greater security for members and greater certainty for employers.

Once all the changes, including any legislative provisions, are finalised we will expand this guidance and provide further information on the principles the regulator will use to deal with any impact on schemes currently engaged in our regulatory processes.

If trustees have reconsidered their scheme rules, and have had open conversations with employers, they will then be well prepared at that stage to consider any necessary action, and discuss the implications with us, if and where necessary.

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Statement from The Pensions Regulator

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