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Randle Manwaring

We regret to report the death on December 31st 2010 of Randle Manwaring, who was SPC President from 1968 to 1970.

We have sent condolences to his widow.

What's being read on the SPC website?

[CLICK HERE](#) for the latest summary of hits on the SPC website, presented to the PR Committee.

Who's writing about SPC?

[CLICK HERE](#) for the latest summary of SPC press coverage, also presented to the SPC PR Committee.

SPC London Evening Meetings

Details of our forthcoming SPC London evening meetings are as follows:

Date	Speakers	Subject	Venue
28 March 2011	Hugh Gittins and Philip Davies (Eversheds)	Practical Responses to an Open-ended Workplace	America Square Conference Centre, 1 America Square, 17 Crosswall, London EC3N 2LB
4 April 2011	Morten Nilsson (ATP)	TBC	KPMG LLP (UK), 8 Salisbury Square, London EC4Y 8BB
17 May 2011	Graham Cooke (JLT)	TBC	JLT Benefit Solutions Ltd., 6 Crutched Friars, London EC3N 2PH

SPC meets the Pensions Minister

SPC has had another meeting with the Pensions Minister, Steve Webb. SPC was represented by Kevin LeGrand (SPC President and Buck Consultants), Duncan Buchanan (SPC Legislation Committee Chairman and Hogan Lovells) and Andrew Short (SPC Administration Committee Chairman and Capita Hartshead).

Discussion covered GMP equalisation, the fall-out from the government's decision to switch revaluation/indexation from RPI to CPI and regulatory arbitrage, on which the government had recently started a consultation.

Treasury/HMRC Discussion Document on options to meet high annual allowance charges from pension benefits

We have responded to the Treasury/HMRC discussion document on options to meet high annual allowance charges from pension benefits.

Our response is available [CLICK HERE](#).

The general points from our response were:-

- The discussion paper addresses the situation where tax charges are deemed not to be manageable from current income. One of the proposed alternatives to involving pension schemes is the deferred payment of the charge. Given that this is a possible option, the AA charges should *instead* be included within the cases where there is a statutory right to pay by instalments under "Time to Pay" (TTP). Indeed, paragraph 2.12 already refers to using TTP where the individual is a member of a non-EEA overseas scheme. This should be extended to cover all cases. Under TTP, the issue of inability or unwillingness to pay is addressed directly, rather than having to consider an arbitrary de minimis level (the suggested £2,000 to £6,000). Using TTP would automatically avoid all the complications, which would otherwise arise through involving pension schemes. It would also recognise


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Treasury/HMRC Discussion Document on options to meet high annual allowance charges from pension benefits

that the tax charge is a personal liability and is a matter between the individual and HMRC, so that the settling of the tax charge should not involve schemes at all (unless on a voluntary basis).

- If “scheme pays” proceeds, schemes must be allowed to charge individuals for the work entailed. A similar expense charging approach applies to pension sharing on divorce, which conceptually is akin to “scheme pays”.
- The discussion document suggests that there is no need to “gross up” the tax liability when met from the scheme. Clearly, if the pension is reduced (under “scheme pays”), then there will be less income tax eventually deducted under PAYE, once the pension is in payment. So, contrary to the statement in the discussion paper, this would seem to make “scheme pays” a tax-advantaged method of meeting the AA charge. In other words, for tax-neutrality, it would seem that grossing up would be needed.
- The discussion document envisages that the test against the lifetime allowance will be after the AA charges have been deducted. This would, again, appear to not be tax-neutral, with “scheme pays” being tax-advantaged from the member’s perspective.

It would be helpful to have some worked examples, demonstrating that these aspects are tax-neutral.

For a copy of the discussion document, please [CLICK HERE](#) .

Further correspondence on HMRC’s PIPs and carry forward guidance


Following HMRC’s initial guidance on PIPs and carry forward, there has been further correspondence, between Karen Goldschmidt (who has shared this with us on an Occupational Pension Schemes Joint Working Group footing) and HMRC, on pension input periods.

It gave further guidance on a number of uncertainties arising from the earlier communication.

For details, please [CLICK HERE](#) .

SPC responds to PPF on 2011 – 2012 pension protect levy consultation

We have responded to PPF on its consultation document on the 2011 - 2012 pension protection levy.

For a copy of our response, please [CLICK HERE](#) .

Monitoring employer support guidance

The Pensions Regulator has responded to our comments on its consultation document on monitoring employer support guidance.

The Regulator was asked to define and clarify what it meant by a proportionate approach in the context of this guidance. The Regulator has added paragraphs to the final guidance, intended to give greater clarity.

The consultation document did not clearly and uniquely define “covenant” and certain other terms. The Regulator has added a glossary, where covenant - and other terms - are defined in the context of this guidance. The definition of covenant is the same as in the Regulator’s Multi-Employer guidance, but it emphasises that these definitions are specific to these guidance documents and it is possible that for other purposes the terms may be defined differently. In particular, the Regulator has clarified that willingness is not part of covenant, although it may well be an important consideration for the trustees to take into account in their overall decision making on scheme funding and recovery plans.

Another theme to emerge was the relationship of the trustees to external covenant assessors. The Regulator has added to the finalised guidance, to clarify that trustees should not feel compelled to appoint external assessors (thus increasing their costs needlessly) in respect of tasks which they have the capabilities to undertake themselves. The Regulator has clarified that the process for appointing external experts, the range of questions for them and the management of the relationship with them are not intended to be prescriptive.

The Regulator has recognised the importance of trustees maintaining a good working relationship with the employer and has amended the finalised guidance to reflect this.

For a copy of the finalised guidance please [CLICK HERE](#) .

General and PPF administration levies on pension schemes 2011 – 2012

DWP has announced that for 2011/2012 it will continue to freeze the rates for both the PPF Administration Levy and the General Levy at the same levels set for 2008/2009.

Details of the levy rates are as follows:

PPF Administration Levy rates

Number of members of scheme	Levy rate per member	Minimum amount of levy
2 to 11		£42
12 to 99	£4.33	
100 to 999	£3.12	£430
1,000 to 4,999	£2.43	£3,120
5,000 to 9,999	£1.84	£12,150
Over 10,000	£1.29	£18,400

General Levy Rates - 1. Occupational Pension Schemes

Number of members of scheme	Levy rate per member	Minimum amount of levy
2 to 11		£33
12 to 99	£3.35	
100 to 999	£2.42	£340
1,000 to 4,999	£1.88	£2,420
5,000 to 9,999	£1.43	£9,400
Over 10,000	£1.00	£14,300

General Levy Rates - 2. Stakeholder/Personal/Group Personal Pension Schemes

Number of members of scheme	Levy rate per member	Minimum amount of levy
2 to 11		£14
12 to 99	£1.34	
100 to 999	£0.94	£140
1,000 to 4,999	£0.81	£940
5,000 to 9,999	£0.54	£4,050
Over 10,000	£0.41	£5,400

Note The PPF Administration Levy and the General Levy use the same scheme size banding system. Eligible schemes will be charged depending on which of the six bands they fall into. The amount payable by a scheme will be based on the number of members on a given reference day. Schemes in the first band, with 2 to 11 members, pay a flat rate levy. The relevant rate per member is applied to the larger bands. It decreases, so that larger schemes pay a smaller amount per member. For this reason there is also a minimum amount of levy for most bands, to ensure that a scheme at the lower end of a band pays more than a scheme at the top end of the band below.

Changes to the Disclosure Regulations

This article is derived from Mercer Select, Mercer's subscriber service offering news and analysis of UK pension developments on-line and by email. For further information please [CLICK HERE](#) .

This article was correct on November 9th, 2010.

[Regulations](#) made changes to the pension scheme disclosure requirements, with effect from December 1st 2010.

There are two main changes:

- Electronic communication methods:
 - Trustees will have the option of using electronic communication methods, such as emails and websites, as their default means of providing information to members
 - Members can request in writing that the trustees provide paper copies, instead of using electronic communication methods in relation to all or part of the information
 - The member has to be able to access the information and also to store or print out such information. The needs of disabled persons have to be taken into account.
 - There are written notification requirements associated with this option and additional requirements in relation to posting information on a website (such as sending prior notification to the recipient's last known postal or electronic address before making information or documents available)
- Statutory Money Purchase Illustrations:
 - If the trustees wish, they can provide information in the statutory money purchase illustration in a more concise format.

Pensions Regulator statement on employer related investments

This article is derived from Mercer Select, Mercer's subscriber service offering news and analysis of UK pension developments on line and by email. For further information, please [CLICK HERE](#) .

This article was correct on November 10th, 2010.

The Pensions Regulator has published a [statement](#) on how it considers trustees should manage Employer Related Investments (ERI). The statement covers two areas, where the Regulator feels more clarity is needed, and sets out its approach to regulating ERI.

ERI and scheme funding

Some employers have preferred to supplement the contributions they pay to their schemes with contingent assets or alternative financial structures, including special purpose vehicles (SPVs). Trustees' understanding will typically be that neither of these fall into the definition of ERI, but their value is often associated with the value of the employer so, in some regards, they have similar characteristics. The Regulator acknowledges that these forms of security can strengthen the employer covenant, but considers that trustees must carefully consider whether they are suitable alternatives to contributions paid directly to the scheme.

In the case of some arrangements, which appear to include SPVs (and the remainder of this article will refer generically as SPVs), the Regulator suggests that, in some cases, they might actually breach the ERI rules.

The statement says the Regulator 'expects' to be given information when SPVs are established, whether this is as part of a valuation or not. It also expects members to be told about SPVs, for example in summary funding statements.

ERI and collective investment schemes (CISs)

The Regulator's statement also indicates that trustees should have 'adequate internal controls' to ensure that the scheme's investments do not breach the ERI rules, particularly in the case of CISs (CISs include unit trusts – unless they are set up under a life insurance contract – and open ended investment trusts). The statement acknowledges that this is not likely to be a common problem and provides some simple examples of how this might work.

Where a CIS is a simple unit trust, which discloses its underlying investments on a regular, frequent basis, and the trustees do not have significant other ERI, the simple solutions suggested should be adequate. However, there will be cases where the investment provider does not disclose its investments, in which case determining compliance will be harder. The Regulator clearly expects trustees to determine what is appropriate to their circumstances.

The Regulator's approach to ERI


In line with the approach which it takes to other breaches, the Regulator's statement says that it will take into account the circumstances behind any potential breach, which could occur under the ERI rules. In particular, in the case of SPVs, it will consider:

- Whether the SPV provides greater security than the alternative contributions could have been expected to provide;
- What conditions attach to the SPV in the event of the employer's insolvency;
- Whether the trustees have taken proper advice and have managed any conflicts of interest appropriately.

We have raised a number of queries on the Regulator's statement. For a copy of our letter, please [CLICK HERE](#) .

SPC responds to DWP consultation on Miscellaneous Amendments Regulations


We reported the publication of the DWP consultation on miscellaneous amendments to the occupational and personal pension regulations in [SPC News no. 8, 2010](#).

For a copy of our response, please [CLICK HERE](#) .

Contracted-out rebates for 2012 – 2017


In August 2010, the Government Actuary's Department published a consultation document on the review of the contracted-out rebates for 2012 – 2017. We reported this in [SPC News no. 8, 2010](#).

A copy of our response to the consultation document is available [CLICK HERE](#) .

DWP has now announced that the new rebates will be 3.4% for employers (secondary Class 1 National Insurance Contributions) and 1.4% for employees (primary Class 1 National Insurance Contributions). For further details, please [CLICK HERE](#) .


PPF consultation on a new levy framework from 2012 – 2013

We have responded to PPF's consultation on a new Levy framework from 2012 – 2013.

For a copy of the response, please [CLICK HERE](#) .

SPC responds to European Commission green paper: Towards Adequate, Sustainable and Safe European Pension Systems

We have responded to the European Commission on its Green Paper "Towards Adequate, Sustainable and Safe European Pension Systems".

For a copy of our response please [CLICK HERE](#) .

About

SPC is the representative body for the providers of advice and services needed to establish and operate occupational and personal pension schemes and related benefit provision. Our Members include accounting firms, solicitors, life offices, investment houses, investment performance measurers, consultants and actuaries, independent trustees and external pension administrators. Slightly more than half the Members are consultants and actuaries. SPC is the only body to focus on the whole range of pension related functions across the whole range of non-State provision, through such a wide spread of providers of advice and services. We have no remit to represent any particular type of provision.

The overwhelming majority of the 500 largest UK pension funds use the services of one or more of SPC's Members. Many thousands of individuals and smaller funds also do so. SPC's growing membership collectively employ some 15,000 people providing pension-related advice and services.

SPC's fundamental aims are:

- (a) to draw upon the knowledge and experience of Members, so as to contribute to legislation and other general developments affecting pensions and related benefits, and
- (b) to provide Members with services useful to their business.

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