SPC News No. 5, 2011 Issued in October, 2011

THE NEWSLETTER OF THE SOCIETY OF PENSION CONSULTANTS

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If this issue of SPC News was forwarded to you, and you would like to receive a copy direct from us, please e-mail Carla Smidt at SPC (info@spc.uk.com)

SPC Conference October 6th 2011, Hyatt Regency Churchill, London W1

This year's SPC conference will be at the Hyatt Regency Churchill on October 6th 2011.

The theme of the conference will be "A Future Without Retirement: Embracing the Opportunities and Meeting the Challenges". The intention is to look positively at the opportunities created by, and responses to, an environment in which retirement age becomes a matter of personal choice, in which increasing longevity means that many people no longer choose to make financial plans on the basis of complete cessation of economic activity hitherto associated with retirement and in which defined contribution provision offers the flexibility of a pot of money, rather than a pension. We have assembled a high level panel of speakers from business, political, academic and pensions backgrounds.

Steve Webb, the Pensions Minister, will be our principal speaker.

We are looking forward to repeating the success of last year's conference, when comments from those present included.

- Possibly the best one-day conference I have participated in: engaging and informed speakers, congenial company, well organised
- Very good overall, no disappointing sessions
- A great overview of the key issues in pensions. Extremely pleased with the interaction with delegates
- An excellent overview of the landscape and challenges in workplace savings from an employer and employee perspective.
- Excellent speakers – thought provoking content – good participation

The delegate rate is £299 plus VAT.

To book, please click here www.conferencesandtraining.com/spc-conference.

We look forward to seeing you at this important SPC event.

SPC Dinner 2011

November 2nd Dorchester Hotel, London W1

Key information on this year's SPC Dinner is as follows:-

- **Principal Speaker**

  Rt. Hon. David Willetts, MP (Minister of State for Universities and Science)

  David Willetts is an accomplished and stimulating speaker and continues his long-standing interest in pensions and related subjects in his highly acclaimed current book "The Pinch: How the Baby Boomers took their Children's Future – and why they should Give it Back".

  Kevin LeGrand (SPC President and Principal and Head of Technical Services at Buck Consultants) will also speak.

- **Presentation of the "SPC Journalist of the Year Awards"**

  These awards will recognise one journalist from each of the national press and pensions trade media, who has made an outstanding contribution to pensions journalism in 2011, as voted by SPC members.

- **Sponsorship**

  This year, we are again offering SPC Members the opportunity to associate themselves with the prestige and success of the Dinner, through sponsorship. We would welcome your sponsorship of one or more of the following:

  - The printed list of those attending, available to the 300+ diners on arrival.
  - The menu at each place at the Dinner
  - The SPC Pensions Trade Journalist of the Year Award
  - The SPC National Pensions Journalist of the Year Award *Sponsorship agreed for this award*

  The sponsorship amount for each is £1,500 (VAT is not chargeable). Please contact John Mortimer at SPC as soon as possible to seize these opportunities.

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SPC Dinner

- **Venue**
  The Dorchester, Park Lane, London W1

Tickets are £170.00 per head and feedback from previous years' Dinners indicates that this is a modest cost, which can be re-paid many times over in terms of the useful networking opportunities, which exist to strengthen your business relationships. The price includes pre-dinner cocktails, a five-course meal, half a bottle of wine with dinner, and a liqueur with coffee.

As ever, we are keen to encourage "new blood" at the Dinner and ensure that it continues to offer the broadest possible range of networking opportunities for those attending. To that end, if your organisation has never previously been represented at the Dinner, the person making the booking will benefit from a special price of £135.00, as will one additional guest.

The closing date for applications is October 5th, and tickets will be sent to you in or around the third week of October. It goes without saying that this event also makes an important contribution to SPC's funds and the valuable work it does on behalf of your industry.

For a booking form, please CLICK HERE.

SPC London Evening Meetings

Details of a forthcoming SPC London evening meeting are as follows:

Date	Speakers	Subject	Venue
13 December 2011	Raymonde Nathan (JLT Benefit Solutions)	Practical Experience of Operating without a Default Retirement Age	Allen & Overy, One Bishops Square, London E1 6AD

SPC contacts

SPC has had a meeting with senior officials from the Pension Protection Fund. Subjects discussed included the current and longer term financial outlook for PPF, PPF's development of a bespoke investment risk measure for larger schemes, potential implications for PPF of a possible EU requirement for central clearing of over-the counter derivatives and adjustment for the unequal effects of GMPs.

The SPC Administration Committee has met officials from HMRC (National Insurance Services to Pensions Industry) to discuss how SPC can assist in the latter's plans for protected rights reconciliations when defined contribution contracting-out ends in 2012.

The SPC Council has had a meeting with Michael O'Higgins, the Pensions Regulator, for high level discussion of the Regulator's current concerns and plans.

Kevin LeGrand, the SPC President, has represented SPC at meetings of the Pensions Regulator's Stakeholder Advisory Panel and of DWP's Workplace Communications and Information Group.

HMRC Draft Finance Bill-related regulations

We have responded to the draft HMRC Finance Bill (now Finance Act, 2011) – related regulations, reported in **SPC News no. 4, 2011**.

For a copy of our comments, and of HMRC's response, please CLICK HERE and CLICK HERE.

HMRC/Treasury Consultation: Employer Asset-Backed Pensions Contrubutions

We have responded to the HMRC/Treasury consultation on employer asset-backed pension contributions, reported in **SPC News no. 4, 2011**.

For a copy of the response please CLICK HERE.

New DWP Consultation on S75 Employer Debt 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 September 21st 2011.

DWP has issued a new consultation on changes to the section 75 employer debt regulations, as they relate to multi-employer defined benefits schemes. The changes address issues with the existing regulations, which DWP acknowledges may frustrate legitimate restructuring and other corporate activity. They also attempt to address some known technical issues, which make the regulations difficult (and expensive) to comply with in practice.

Briefly, the changes proposed include:

a) New 'flexible apportionment arrangement'

A new 'flexible apportionment arrangement' will enable one or more employers, who employ active defined benefits members in the scheme on the effective date of the arrangement, to take over responsibility for all of the scheme liabilities of an exiting or current employer (the 'leaving employer'), which have accrued up to the 'relevant time', under a legally enforceable agreement. This will be subject to the consent of the trustees, the leaving employer and the employer(s) taking over responsibility for the leaving employer's liabilities. The 'leaving employer' can be either:

- an employer who has ceased to employ active members for whom defined benefits are accruing, provided a debt became due on that cessation but has not been paid when the flexible apportionment arrangement takes effect (in which case the 'relevant time' is the date the flexible apportionment arrangement takes effect); or
- an employer who is continuing to employ active members for whom defined benefits are accruing (in which case the 'relevant time' is a future date, when the employer ceases to employ any active members in the scheme).

The flexible apportionment arrangement must take effect on or after the commencement date of the regulations. The flexible apportionment means no further employment cessation event (ECE) can occur to a current employer, whose liabilities have been apportioned, and a debt in respect of an employer who has already suffered an ECE is no longer treated as being due. It will be subject to the existing 'funding test' being met, in the same way that an existing apportionment arrangement is currently subject to this test.

On the face of it, apart from having to be in respect of all the leaving employer's scheme liabilities (an existing scheme apportionment may address part of them), a new flexible apportionment arrangement is not very different to an existing apportionment arrangement, but it is, in theory at least, better specified in terms of what is apportioned and it can apply to an existing employer with ongoing actives. The current requirements in relation to apportionment arrangements are unclear as to whether liabilities or debt are apportioned and in terms of how they should be treated when a future ECE or relevant event occurs.

DWP indicates that one advantage of apportioning liabilities under a flexible apportionment arrangement is that no debt needs to be calculated (although an estimate will be helpful for decision-making purposes, in particular in relation to the funding test). The current regulations do require the debt to be calculated for an apportionment arrangement.

b) Extended period of grace

The proposals allow the period of grace (whereby a ceasing employer currently has up to 12 months to employ a new active member and avoid an employment cessation event) to be extended to up to 36 months if the trustees so decide. The notice period for the employer to notify the trustees that it intends to once more employ an active member within the period of grace is also proposed to be extended from one month to two months after the employer first ceasing to employ active members.

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New DWP Consultation on S75 Employer Debt Regulations

c) Minor changes

These include some tidying up of the regulations, to clarify that transferred in liabilities must be attributed to the member's employer at the time of the transfer in. Currently this is not clear where the member has only had one employer within the scheme and it has been suggested that a bulk transfer in could thus be treated as orphan liabilities at a future ECE or relevant event.

A six week consultation period applies, ending on August 10th 2011. DWP appears to intend to make the changes effective from October 1st 2011, subject of course to the results of the consultation.

At the time of preparing this issue of SPC News, SPC had the consultation document under consideration.

Exposure Draft: Statutory Money Purchase Illustrations

We have responded to BAS on its exposure draft of a revised TM1 and the response is available by CLICK HERE.

The exposure draft is available CLICK HERE.

About SPC

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.

THE SOCIETY OF PENSION CONSULTANTS

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