SPC news

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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

(carla.smidt@spc.uk.com)

SPC London Evening Meetings

Details of our next London meeting is as follows:

Date	Speakers	Subject	Venue
November 16th 2009	Tim Jones (PADA)	Progress Report on Personal Accounts	KPMG Pensions 8 Salisbury Square, London EC4Y 8BB

We are grateful to KPMG Pensions for hosting the above meeting. The meeting is preceded by refreshments at 5.00 p.m.; the meeting begins at 5.30 p.m. and is expected to end at 6.45 p.m. following questions and answers.

A handout is available for the October meeting:-

Date	Subject	Speakers
October 6th 2009	Use of Objective Evidence to Improve the Due Diligence Process When Selecting Investment Managers	Rick di Mascio (Chief Executive, Inalytics)

You can obtain a copy of the handout by clicking on the speaker's name. We are grateful to Jardine Lloyd Thompson for hosting the meeting.

Pension priorities for a new government

SPC has published a paper, which sets out what SPC considers should be the high level priorities on pensions for a new government. The paper is not party political. It contains suggestions, which we consider could be adopted by any governing party seriously committed to strong workplace pension provision. Nor are the suggestions radical. They are all comfortably within the political mainstream and could therefore be acted upon quickly. This, we believe, would be to the benefit of everybody, who will need pension income in retirement, supplementing what the state is likely to provide.

The paper has already been covered in The Times and in the pension press.

We expect to have opportunities to discuss it with the main political parties as the general election draws closer. For a copy, please click here. ■

Conference discount for SPC members

SPC Members qualify for a 10% discount at the Pensions World conference on November 30th, 2009. The conference is held in association with SPC and is chaired by Duncan Howorth, the SPC President. The theme is Managing a Pension Fund in the Downturn.

For a copy of the conference brochure, which enables you to claim your discount, please click here. ■

SPC North West

SPC has a new committee, based in the North West, responsible for SPC activities in its area.

It comprises:

- Edwin Topper, Mercer
- Craig Edmondson, Mercer
- Charlanne Hodgkinson, Eversheds
- Damien Garrould, DLA
- Liam Fitzgerald, Pinsent Mason

North West meetings have kicked off with the first meeting (jointly with the North West PMI) held on September 2nd 2009 at Eversheds, Manchester. Edwin Topper, from Mercer, spoke about the role of actuaries and consultants, in particular the increase of short-termism in the current environment. The aim of the talk was to stimulate debate about the role, which consultants (and in particular the actuarial profession) have played or, more specifically, not played in terms of shaping the framework for defined benefit schemes in today's environment. ■

HMRC UPDATE: Special Annual Allowance, Anti-forestalling and Timetable for Regulations

We have raised further questions with HMRC on the anti-forestalling measures associated with the special annual allowance. They relate to the treatment of contribution increases under options pre-dating April 22nd, 2009 and to salary sacrifice. For details please click here.

HMRC has also provided an update on the state of play with various sets of regulations, for which it is responsible. For a copy, please click here. ■

Regulation 16 of HMRC's Authorised Payments Regulations

In **SPC News no. 4, 2009**, we reported on a question we had raised on regulation 16 of the Registered Pension Schemes (Authorised Payments) Regulations 2009. This regulation covers payments of arrears of pension after death.

HMRC has replied, disappointingly, that it currently has no plans to amend the regulations in the light of our comment. ■

SPC contacts

Against the background of the imposition of the Special Annual Allowance, SPC has had a meeting with the Managing Director of the Treasury's Budget, Tax and Welfare Directorate. Our main aim was to underline the damage to confidence in pensions caused by moving the goalposts on their tax treatment.

We have also met Malcolm McLean, the Chief Executive of the Pensions Advisory Service. ■

SPC invited to comment on DWP draft Occupational and Personal Pensions Miscellaneous Amendments Regulations

We have been invited to comment on the draft Occupational and Personal Pensions (Miscellaneous Amendments) Regulations 2010.

For a copy please click here.

The draft regulations aim to:-

- add a listed change, on which employers are required to consult affected members, if such a change is proposed to an occupational pension scheme;
- implement some minor policy changes; and
- make an outstanding consequential amendment.

At the time of preparing this issue of SPC News, we had the draft regulations under consideration. ■

SPC invited to comment on DWP consultation on draft regulations on employer debt

We have been invited to comment on the government's consultation on the employer debt regulations.

For a copy of the consultation document, please click here.

The proposal is for two easements, under which an employer debt would not be triggered. They are intended to allow restructuring between two employers where members' benefits will be protected and changes will not dilute the employer's covenant.

The easements only apply if both the exiting and the receiving employer are in the same multi-employer scheme and they each employ at least one defined benefit active member. The receiving employer has to be an associated employer of the exiting employer or the exiting employer (under a different legal status). The receiving employer has to have its head office in the UK.

Under both easements, the liabilities, in respect of the debt which would have arisen, are attributed to the receiving employer. For the restructuring easement to apply, the trustees have to be satisfied, amongst other things, that the receiving employer is as likely as the exiting employer to meet all the liabilities in the scheme attributable to the exiting employer, and will continue to be able to meet all its own liabilities under the scheme. The receiving employer also has to take over responsibility, on the date the debt would otherwise have been triggered, for all of the exiting employer's assets, employees, defined benefit members who had pensionable service with the exiting employer and liabilities in relation to the scheme, which are attributable to the exiting employer. The transfer of liabilities has to take place within 12 weeks of the date the trustees notified the exiting employer that the restructuring test is satisfied.

There is also a de minimis easement, where the trustees have to be satisfied of, amongst other things, the following:-

- the scheme assets are at least equal to the protected liabilities of the scheme on the basis of the most recent section 179 valuation; and
- the number of scheme members who have defined benefits as a result of pensionable service with the exiting employer is less than 2% of scheme members (by reference to the most recent scheme return) with defined benefits; and
- the percentage of the total number of scheme members who have defined benefits as a result of pensionable service with the exiting employer multiplied by the protected liabilities in the most recent section 179 valuation is no more than £100,000; and
- this easement applies to less than 5% of the total number of scheme members who have defined benefits in every three rolling years.

Any new legislation is not expected to come into effect until 2010.

At the time of preparing this issue of SPC News, we had the proposed amendments under consideration. ■

DWP seek SPC views on consultation paper: Default Options in Workplace Personal Pensions and Use of Group SIPPs for Automatic Enrolment

DWP has sought our views on a consultation paper on the use of default options in workplace personal pensions and the use of group SIPPs for auto-enrolment.

For a copy please click here.

At the time of preparing this issue of SPC News, we had the consultation paper under consideration. ■

SPC invited to comment on DWP consultation: Completing the Picture

We have been invited to comment on the DWP consultation document on Completing the Picture.

For a copy please click here.

The main topics covered in the consultation are:

- Phasing in of automatic enrolment into pension schemes and the compulsory employer contributions which go with it
- Various further elements of the new requirements on employers, introduced by the Pensions Act 2008, including re-enrolment
- The quality requirements for schemes to be used for auto-enrolment as a substitute for auto-enrolment into personal accounts and the requirements on self-certification for defined contribution schemes
- Compliance powers in respect of employers

At the time of preparation of this issue of SPC News, we had the consultation paper under consideration. ■

PPF consults on 2010/11 levy

The PPF has published its consultation on how it will calculate the levy for 2010/11.

For a copy, please click here.

In summary, it proposes that:

- The total amount expected to be collected is £720 million. This is the amount expected to be collected in 2009/10, indexed in line with national average earnings, as proposed in previous consultations.
- There is a scaling factor of 1.64 (2.22 in 2009/10) and scheme-based levy multiplier of 0.000145 (0.000162

in 2009/10). The reduction in the scaling factor is largely explained by a fall in funding levels between March 31st 2008 and March 31st 2009.

- Scheme underfunding and the risk of company insolvency will be measured as at March 31st 2009.
- PPF will take deficit reduction contributions paid by March 31st 2010, and contingent assets certified by April 7th 2010, into account.
- The levy boundaries (the levels of funding at which liability to pay the levy is reduced) will remain unchanged, but the levy will be capped at 0.5% of liabilities, compared with 1% previously. PPF estimates that this will benefit 10% of the schemes eligible to pay the levy.
- The way insolvency probabilities are assigned to overseas companies will change, which should clarify the position for schemes with Type A contingent assets provided by overseas parents.

At the time of preparing this issue of SPC News, we had the consultation paper under consideration. ■

Board for Actuarial Standards Consultation Paper on Pensions Technical Actuarial Standard

We have responded to the BAS consultation paper on a pensions TAS.

For a copy of the response, please click here.

We reported the publication of the consultation paper in **SPC News no. 4, 2009**. ■

Pensions Regulator Tribunal: Consultation on rules

The Tribunals Service has consulted us on rules relating to the jurisdiction of the Pensions Regulator Tribunal.

For a copy of the consultation paper please click here.

At the time of preparing this issue of SPC News, we had the consultation paper under consideration. ■

Pension sharing documentation: SPC assists Department of Justice

The Department of Justice is reviewing the details of the documentation associated with divorce.

One question to arise in the review is whether there is any reason why a decree nisi might need to be provided to process a pension sharing order. The Department asked for SPC's views.

Our guidance was that we could see no reason why a decree nisi should be needed. ■

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.

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