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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 are as follows:

Date	Speakers	Subject	Venue
January 26 th 2010	Jason Coates (Wragge & Co) and Esther White (HR Trustees)	TBC	Lovells, Atlantic House, Holborn Viaduct, London EC1A 2FG

We are grateful to Lovells 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 to be followed by drinks. Booking will open soon.

A handout is available for the November meeting:-

Date	Subject	Speakers
November 16 th 2009	Progress Report on Personal Accounts	Tim Jones , PADA

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

SPC contacts

SPC has had a meeting with Neil Carberry (Head of Employment Policy, CBI). We received a useful briefing on forthcoming CBI initiatives; discussed what more could be done to make employees comfortable with helping employees exercise choice under defined contribution schemes; and compared notes on the continuing fall-out from the imposition of the Special Annual Allowance.

The SPC Financial Services Regulation Sub-Committee has met representatives of the Financial Services Compensation Scheme. We hope that the outcome will be greater certainty on the precise coverage of FSCS in the pension field. ■

Pension priorities for a new government

We have published an expanded version of our paper Pension Priorities for a New Government.

We have, again, sent it to the main political parties and expect to have opportunities to discuss it with all of them.

You can obtain your copy by clicking [here](#). ■

Who's writing about SPC?

One of the key challenges set by SPC Members is for SPC to enhance its media profile, to underpin the work it does in supporting its Members and contributing to technical and policy consultations.

We thought that it would be useful to publish our most recent [summary](#) of coverage presented to the SPC PR Committee. ■

What's being read on the SPC website?

The SPC website (www.spc.uk.com) is currently enjoying a record number of monthly hits.

[Here](#) is a summary, again presented to the SPC PR Committee, of what's being read. ■

SPC North West

The SPC North West Committee hosted a formal training session at the offices of DLA Piper, Manchester on Monday November 30th. The speaker was Jeremy Harris, a partner of DLA Piper, who provided an update, and encouraged open debate on, the proposed changes to the changes to the employer debt regulations. ■

SPC Yorkshire

A seminar took place on November 2nd. Ann Allerton and Christine Nield of Mercer presented on Administration Challenges during the PPF Assessment Period and Jane Briggs and Clair Rogers of Hammonds presented on PPF Entry – Legal Issues.

The next seminar is scheduled to take place at Eversheds in February 2010. ■

SPC responds to HMRC letter on the special annual allowance and anti-forestalling legislation

We have responded in detail to HMRC's most recent letter on the special annual allowance and anti-forestalling legislation associated with it. For a copy of our response please click [here](#). ■

SPC Dinner 2009

The SPC Dinner took place on 4th November at the **Dorchester Hotel, London W1**.



The attendance was 323, well up on 2008.

The principal speaker was **Dr. Vince Cable**, Liberal Democrat Shadow Chancellor and Deputy Leader

Duncan Howorth (SPC President and Managing Director, JLT Benefit Solutions) responded.



Duncan Howorth presented the inaugural SPC Pensions Journalists of the Year Awards at the Dinner. The winner in the National category was Norma Cohen (Financial Times). The winner in the Trade category was Jenna Towler (Professional Pensions).



Pictured from top to bottom, Duncan Howorth with Vince Cable, Norma Cohen and Jenna Towler.

SPC responds to DWP consultation: Completing the Picture

We have submitted a comprehensive response to this DWP consultation.

Our main comments were:

- The consultation period allowed in this case (six weeks, rather than the usual 12) is far too short.
- This means that we, and we are sure others, have not had a chance to examine these important, and in places extremely complicated, provisions in the appropriate detail. We are therefore, unfortunately, confident that there will be some possibly major aspects, to which we have not done justice.
- We understand the reasons for the foreshortened consultation period, and it gives us no pleasure in commenting that our expectation is that the rush with this consultation will lead to a system which works less well for employees and imposes more uncertainties and costs on employers, schemes and providers, than needed to have been the case.
- There are, despite the number of consultation questions, large areas of regulation and detail, on which there is no obvious consultation. We have tried to address some of these areas in our response. ➔

- ➔ ● The style and format changes completely from one section of the document to the next, and some of the most significant aspects of the consultation are not specified in the detailed consultation questions. Combined with the very short consultation period, this makes the task of providing a properly considered response all the more difficult.
- There are too many areas where, we have no doubt for the best of intentions, far too much emphasis has been given to seeking to anticipate all conceivable non-compliance and to legislate against it. Furthermore, the level of detail, into which many areas of the regulations go, will hinder innovation and flexibility of scheme design. One of the reasons for the decline of defined benefit provision has been too much and too detailed legislation. There is little evidence that this new batch of proposals recognises this.
- We would like to see much more emphasis on keeping the provisions as simple and as flexible as possible at the outset, so as to minimise the obstacles to the many employers, which have no wish to be non-compliant and would like to be able to support a scheme without it becoming a major management headache. The detailed prescription evident in so many parts of the consultation should only be used when there is clear practical evidence that the system will not work properly without it, rather than as an attempt to close every conceivable loop hole before the system has even started to operate.
- The complexity of the proposals means that inadvertent non-compliance is likely to be a much bigger problem than deliberate non-compliance. We see this in particular as a result of difficulties caused by not easily knowing when an opt-out period begins and in determining end of year earnings during the course of year.
- There is a great danger that the requirements and guidance now envisaged will come to be viewed as a standard, rather than a minimum, and one which takes precedence over existing arrangements within good quality schemes. For example, the wording in paragraph 26 of page 18 of the consultation document, referring to the transitional arrangements for defined contribution schemes, states that employees are not obliged to follow employer contributions above the minimum transitional amount. This is correct,

but in many cases employer contribution levels will be conditional on a level of matching contributions from the member and there would be a contractual obligation on

the member over and above the transitional or full minima.

For a copy of our complete response, please click [here](#). ■

DWP announces outcome of its review of the surplus rules

DWP has announced the outcome of its review in 2008 of the surplus rules.

Where the rules of a defined benefit scheme allow payments from the scheme's funds to be made to the sponsoring employer, legislation prohibits payments unless the scheme is funded to a "buy out" level, and the trustees are satisfied that a payment

is in the interests of the scheme's members. These requirements are often referred to as "the surplus rules".

DWP issued a discussion paper in September 2008, inviting views on possible changes to the surplus rules.

DWP Ministers have now concluded that no change should be made to the current legislative provisions. ■

SPC invited to comment on PPF consultation: 2010-2011 Pension Protection Levy

We have been invited to comment on the PPF's consultation on the 2010-2011 pension protection levy.

For a copy please click [here](#).

We had only one comment. The revised method for penalising schemes, which decided not to certify a material bulk transfer, set out in paragraph 3.3.8 of the levy consultation, is completely different to the proposal set out in 2.3.18 of the "Conclusions on the

2009/2010 Levy Consultation", based on which many schemes would have made their decision whether to certify. The difference in the methodology could have a significant impact on the amount of the levy in certain circumstances, and it would seem to us to be very unfair, where a decision not to certify was taken on grounds of administrative cost versus levy penalty.

We therefore urged reversion to the previous proposal. ■

DWP responds on S52A orders

Our understanding was that, whatever happens with cumulative negative RPI figures, there is no statutory provision for S52A revaluation percentages to go below zero.

We asked DWP if that was correct.

DWP has commented that no revaluation percentage could be less than zero. The next order will therefore show "0.0%" as the percentage for the one-year revaluation period (January 1st 2009 – December 31st 2009).

We also asked for confirmation that negative inflation would off-set previous years' positive inflation, in figures applicable to more than one year of revaluation.

DWP confirmed that our understanding was correct. The draft Order shows lower figures for revaluation periods of over a year than applied for periods of equivalent length ending a year earlier. ■

SPC responds to draft DWP Occupational and Personal Pension Schemes (Authorised Payments) Amendment Regulations 2009

We submitted a brief response to the draft DWP Occupational and Personal Pension Schemes (Authorised Payments) Amendment Regulations 2009.

For a copy of our response please click [here](#).

We reported the publication of the draft regulations in **SPC News no. 5, 2009**. ■

Resumed correspondence on reference scheme test and lifetime allowance lump sums

We have resumed correspondence with DWP on the inconsistency of its reference scheme test with the ability to pay lifetime allowance lump sums.

For details, please click [here](#). ■

SPC invited to comment on the draft Pensions Regulator (Contribution Notices) (Sum Specified Following Transfer) Regulations

We have been invited to comment on the draft Pensions Regulator (Contribution Notices) (Sum Specified following Transfer) Regulations 2010.

For a copy, please click [here](#).

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

SPC invited to comment on the draft PPF (Miscellaneous Amendments) Regulations 2010

We have been invited to comment on the draft PPF (Miscellaneous Amendments) Regulations 2010.

A copy of the draft regulations is available by clicking [here](#).

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

The draft aims to:

- change the earliest age from which most people can be entitled to payment of pension compensation, from age 50 to 55, to align with the provision in the Finance Act 2004, which changes the minimum pension age from 50 to 55 from April 2010;
- enable people to apply for early payment of pension compensation at least two months (rather than the current six months) before the requested payment date, to remove that two month rule in limited cases and to reduce the amount of information which must be provided with the application;
- modify the calculation of pension compensation for active members of career average revalued earnings schemes, to reflect the way in which pension benefits are calculated in those schemes;
- introduce the provision allowed by the Pensions Act 2008, to enable the Board of PPF to charge interest when the pension protection levy is paid late; and
- set the rate of interest and to provide for a waiver of the interest, by the Board of PPF, in specific circumstances.

The intention is that the regulations relating to the payment of interest will come into force on 1 April 2010, to coincide with the start of the levy year, and that the amendments relating to pension compensation will come into force on 6 April 2010. ■

PPF decision document on GMP equalisation

PPF has published its decision document following its 2008 consultation on GMP equalisation.

For a copy please click [here](#).

Section 171 of the Pensions 2004 Act provides that the Board of PPF has a duty to pay compensation on a basis that is no more or less favourable to a woman (or man) than it would be to a comparable man (or woman), in respect of pensionable service on or after 17 May 1990.

The Board has received legal advice that:

- in meeting this requirement, it must take into account any inequalities in scheme benefits, which have arisen as a result of differences in the calculation of Guaranteed Minimum Pensions (GMPs) due to gender;
- Section 171 provides for the Board to establish that a "comparator" (a person of the opposite sex doing like work, or work rated as equivalent or of equal value), exists before making any adjustment for equalisation;
- if the Board takes no action, this would compromise its responsibility under the Act and that it should take a proactive approach to this issue; and
- the Board must ensure that payments made both before and after the assessment date have been made on an equal basis. (This means, the decision document suggests, that for schemes entering PPF the Board must ensure that all payments made in respect of pensionable service after 17 May 1990 are equal.)

In April 2008, the Board issued a consultation on the implications of section 171 of the Act in the context of GMPs. The proposals in the consultation document only apply to schemes, which enter an assessment period and are, or have been, contracted-out of the State Earnings-Related Pension Scheme, with members with GMP entitlements accrued on or after 17 May 1990.

The current document provides a summary of the responses received on the consultation and outlines the Board's proposed actions, which are essentially to pursue the proposals in its original consultation, based on its earlier legal advice.

SPC has been invited to assist PPF in developing its proposals. ■

SPC responds to HM Treasury consultation paper: Reforming Financial Markets

We have responded to the relevant parts of the Treasury's consultation paper "Reforming Financial Markets".

For a copy of our response please click [here](#).

For the relevant parts of the consultation paper, please click [here](#). ■

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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.