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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

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contacts

The Chairman of the SPC Financial Services Regulation Sub-Committee has attended the latest briefing by the FSA's Financial Services Practitioner Panel and its Small Business Panel. Subjects covered included pending EU developments, the Retail Distribution Review, shortcomings in FSA's cost-benefit analyses and the need to understand better why regulated firms go into default (given that continuing firms pick up the costs through the Financial Services Compensation Scheme).

Members of the SPC Council and the Chairman of the Financial Services Regulation Sub-Committee have met Sheila Nicoll (Head of Policy, FSA) and Emily Pinkerton (Head of Pensions Policy, FSA). Subjects discussed included the outlook for the Retail Distribution Review, defined contribution default funds, enhanced transfer values and transfers to SIPPs. ■

SPC Yorkshire meeting

The most recent SPC meeting in Yorkshire was due on March 1st, 2010, with Kate Sheehan of Eversheds speaking on equalisation and discrimination issues.

Details were sent to those on the mailing list for SPC Yorkshire meetings.

If you would like to be added to it, please email carla.smidt@spc.uk.com. ■

SPC London Evening Meetings

Details of our next London meeting are as follows:

Date	Speakers	Subject	Venue
March 15 th 2010	Malcolm Small (Institute of Directors)	Pensions in the Current Financial Environment	Eversheds (Wood Street, London EC2V 7WS)

Handouts are available for the following meetings and can be obtained by clicking on the subject.

Date	Speakers	Subject
January 26 th 2010	Peter Esam (Travers Smith) Jason Coates (Wragge & Co.)	Dealing with the Downturn: Issues for Employers and Trustees
February 22 nd 2010	Malcolm McLean (Pensions Advisory Service)	Developments and Problems in the Pension Area during my time at TPAS

SPC responds to PPF consultation: Measuring Insolvency Risk in the 2011-2012 Pensions Protection Levy

We have responded to PPF's consultation on measuring insolvency risk in the 2011-2012 pensions protection levy. We reported the consultation in [SPC News no. 8, 2009](#).

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

On the face of it perhaps, this is an early consultation on a change, which will not take effect until the 2011/2012 Pension Protection Levy is raised. In fact, however, introducing the proposed changes for that year's levy imposes quite a tight timescale on schemes,

given that PPF will probably not have finalised its intentions as a result of this consultation until mid-January 2010 and insolvency risks will then be measured as at March 31st 2010. ■

SPC Roundtable: Focussing on DC - Challenges for Investment and Governance - March 17th, 2010

SPC will be holding another in its successful series of Roundtables for members on March 17th 2010.

The theme is "Focussing on DC: Challenges for Investment and Governance".

The venue will be the SPC's office, St. Bartholomew House, 92 Fleet Street, London EC4Y 1DG the starting time is 10.00 a.m., with coffee available from 9.30 a.m. The Roundtable is planned to end at 12.30 p.m. with a hot buffet lunch following. The aim is to stimulate

high level discussion among senior policy makers within SPC members.

Our guest facilitator will be Steve Folkard (Chairman of the ABI Pensions & Savings Strategy Committee and Head of Pensions and Savings Policy at AXA Life).

In facilitating the morning, Steve will focus specifically on:-

- The challenges facing policymakers in relation to both public and private sector provision
- The challenges posed by consumer attitudes to savings in the UK.
- The potential impacts of Personal Accounts and The Retail Distribution Review on the UK pensions landscape.

The Roundtable is accredited with up to 25 credits under the PMI CPD Scheme effective from January 1st 2009.

The attendance charge will be £175.00 (SPC is not registered for VAT).

If you would like to attend please e-mail carla.smidt@spc.uk.com. ■

Correspondence between SPC and FSA on planned abolition of defined contribution contracting-out in 2012

We have asked FSA to update us on whether it currently has plans to revise its projection guidelines in the light of the abolition of defined contribution contracting out, which is expected to take effect in April 2012.

FSA has indicated that its rules will

need amendment and is considering how best to do this, given the number of changes to COBS 13 and 14 on the horizon and the other work firms face over the next two to three years. ■

SPC pursues confirmation of date for abolition of defined contribution contracting-out

SPC members, and we are sure the wider pensions industry, have been waiting for some time for firm confirmation from Ministers that the date for the abolition of defined contribution contracting out will be April 2012.

This date is drawing ever closer and, while significant contingent preparation can be done on the working assumption that this will be the date, there is a growing

need for planning purposes to have the certainty of Ministerial confirmation. We asked DWP to update us.

DWP has acknowledged our concern. It has confirmed that the planning assumption within government is for abolition in April 2012 and it has no reason to believe that abolition will occur on a different date. DWP expects Ministers to make an announcement on the date this year. ■

SPC invited to comment on DWP further consultation on disclosure of information

DWP has invited our comments on its further consultation on disclosure of information.

For a copy of the DWP consultation document, please click [here](#).

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

DWP publishes its response to 2008 consultation on flexible retirement

DWP has published its response to its 2008 consultation on flexible retirement.

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

DWP has decided that its consultation has produced no evidence to justify further legislation on flexible retirement. ■

SPC responds to draft Pensions Regulator (Contribution Notices) (Sum Specified Following Transfer) Regulations 2010

We have responded to the draft Pensions Regulator (Contribution Notices) (Sum Specified following Transfer) Regulations 2010, the publication of which we reported in [SPC News no. 8, 2009](#).

We had one comment which was prompted by our consideration of the current draft regulations, but which, in fact, relates to the primary legislation, under the Pensions Act 2004.

Our comment related to the definition of "transferee scheme" and the related

definition (on which it relies) of "work-based pension scheme". Any receiving arrangement set up for the specific purposes of receiving a bulk transfer will only be caught by s.39A Pensions Act 2004 and the proposed new regulations if it constitutes a "transferee scheme".

If the arrangement set up for the specific purpose of receiving an amount in respect of a bulk transfer of members is a stakeholder pension scheme, it will constitute a "transferee scheme" (as it will be caught by paragraph (c) of

the definition of "work-based pension scheme").

If, however, it is a group personal pension, which is not stakeholder-compliant (and into which no further contributions are to be made), it will not have "direct payment arrangements" as required by paragraph (b) of the definition of "work-based pension scheme"; and any transfer into such an arrangement would therefore be outside the scope of the new regulations. ■

SPC responds to draft Occupational and Personal Pension Schemes (Miscellaneous Amendments) Regulations 2010

We have responded to the draft Occupational and Personal Pension Schemes (Miscellaneous Amendments) Regulation 2010, the publication of which we reported in [SPC News no. 6, 2009](#).

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

SPC responds to DWP consultation on draft guidance: Use of Default Options in Workplace Personal Pensions and the Use of Group SIPPs for Auto-Enrolment

We have responded to DWP's consultation on draft guidance on the use of default options in workplace personal pensions and the use of group SIPPs for auto-enrolment, reported in **SPC News no. 6, 2009**.

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

DWP responds on abolition of defined contribution contracting-out/protected rights

We have recently had a response from DWP to our letter of July 2009 on abolition of defined contribution contracting-out/protected rights.

A summary of the response and of our original letter is available [here](#). ■

Auto-Enrolment final regulations

On January 12th 2010 DWP published its [Response to the Workplace Pensions Reform 'Completing the Picture' consultation](#) on the new employer duty requirements, as well as a package of regulations relating to the workplace pension reforms. These cover:

The arrangements, which employers must make to automatically enrol and re-enrol eligible employees; to ensure that certain other non-eligible employees may opt-in; and to process opt-outs. Also the conditions, which must be met for automatic enrolment to be postponed for a maximum of three

months. The consultation response indicates that the only significant change made to these regulations has been to ensure that employees on short-term contracts are protected, by preventing postponement more than once in any 12 month period.

The minimum standards, which defined benefit, defined contribution and hybrid schemes must meet in order to be able to be used as an automatic enrolment scheme. Following consultation the government has decided to withdraw the regulations and guidance on certification for defined contribution schemes and


SPC invited to comment on the Pensions Regulator consultation: Trustee Register

We have been invited to comment on the Pensions Regulator's consultation on its Trustee Register.

For a copy of the consultation document, please click [here](#).

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

to consult further. In addition, it has decided to allow all non-UK schemes to be qualifying schemes, although only European Economic Area (EEA) schemes may be used for automatic enrolment.

The staging timetable, according to which employers will become subject 

→ to the new requirements according to size. Employers with 120,000 or more employees will need to comply from October 1st 2012, with the numbers cascading down on a monthly basis, so that all employers with more than 800 employees will be required to comply by October 1st 2013, all employers with 50 or more employees by July 1st 2014 and the rest over the period until September 1st 2016. The consultation response also highlights a few other minor adjustments which should allow employers more flexibility to select a preferred date for automatic enrolment and re-enrolment.

As indicated in the pre-Budget report, the phasing-in period has been extended by a further year, so that, once staging begins, employers will only be required to pay a 1% contribution, increasing to 2% in October 2016, with the steady state of all employees receiving at least a 3% employer contribution not being reached until October 2017.

The compliance regime, which will apply to the new provisions. The consultation response indicates a number of areas where the requirements for information have been relaxed or removed, for example trustees and providers will not now have to keep extensive records of opt-outs - only name and date of opt-out. The Government will also reduce the fixed penalty from £500 to £400 in recognition of its potential impact on small businesses, but the other types of penalty remain.

Establishing the Government personal accounts vehicle, which has a new name - the National Employment Savings Trust or NEST - and the Corporation, which will run the scheme. Also winding up the Personal Accounts Delivery Authority.

The regulations relating to staging, transitional periods, regulation and compliance have been published in their final form. However the regulations relating to automatic enrolment and the NEST scheme order and rules have been published in draft and laid before each House of Parliament for approval by resolution. This means in theory that they can still be amended or, in the extreme case, approval may be refused. However, this is quite unusual and approval is likely to be a question of due process and timing. ■

GMP equalisation

The Minister for Pensions and the Ageing Society (Angela Eagle), issued a [ministerial statement](#) to Parliament at the end of January, stating that "the Government has concluded that, where a scheme member has accrued entitlement to a guaranteed minimum pension after May 1990, European law requires that any inequality in scheme rules which results from the legislative provisions governing GMPs should be removed, whether or not a person can show that a comparator exists."

The Government also stated that "it intends to bring forward amending legislation when Parliamentary time allows. However, in the meantime, it is the Government's opinion that, in order to ensure full compliance with European law, trustees and others should act as if existing domestic legislation requires equalisation in respect of differences resulting from GMPs whether or not real comparators exist."

We are seeking urgent clarification of the government's intentions, given the large potential administrative and financial costs. ■

Alert from Financial Services Regulation Sub-Committee

The Financial Services Regulation Sub-Committee wishes to alert you to the publication of a "Dear CEO" letter by the Financial Services Authority.

The letter relates to Client Money and a copy is available by clicking [here](#).

The Sub-Committee knows that it did not reach all those who ought to have received it. ■

Questions and answers on the Financial Services Compensation Scheme

The SPC Financial Services Regulation Sub-Committee has met representatives of the Financial Services Compensation Scheme to seek clarification of the treatment of various types of pension provision under the scheme.

For a note of the questions we asked and the responses we received, agreed with FSCS, please click [here](#). ■

responds to BAS consultation paper on Actuarial Information Used for Accounts and other Financial Documents

We have responded to the BAS consultation paper on actuarial information used for accounts and other financial documents. A copy of the response is available by clicking [here](#).

For a copy of the consultation paper please click [here](#). ■

SPC responds to Treasury call for evidence on money laundering

We have responded to the Treasury's call for evidence on its review of the Money Laundering Regulations, reported in **SPC News No. 8, 2009**.

The response is available by clicking [here](#).

Our Financial Services Regulation Sub-Committee has very little first hand knowledge of pension schemes of any

description having been used for money laundering. It is aware of at most a handful of cases.

We consider that large schemes, whether occupational or contract based, represent a low risk of being used for money laundering.

We suggested that there was an increased risk, but in our view still a

relatively low one, of personal pension schemes (including Self Invested Personal Pension Schemes) and small self administered pension schemes being used.

In our view, the regulations and their application to business activity are broadly appropriately risk based for pensions business. ■

SPC invited to comment on BAS exposure draft on Modelling

We have been invited to comment on the BAS exposure draft on modelling.

For a copy please click [here](#). We currently have the draft under consideration. ■

SPC invited to comment on BAS consultation paper on Transformations

We have been invited to comment on the BAS consultation paper on transformations.

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

We currently have the consultation paper under consideration. ■

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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.