SPC news

Issue No. 5, 2010
Issued in July, 2010

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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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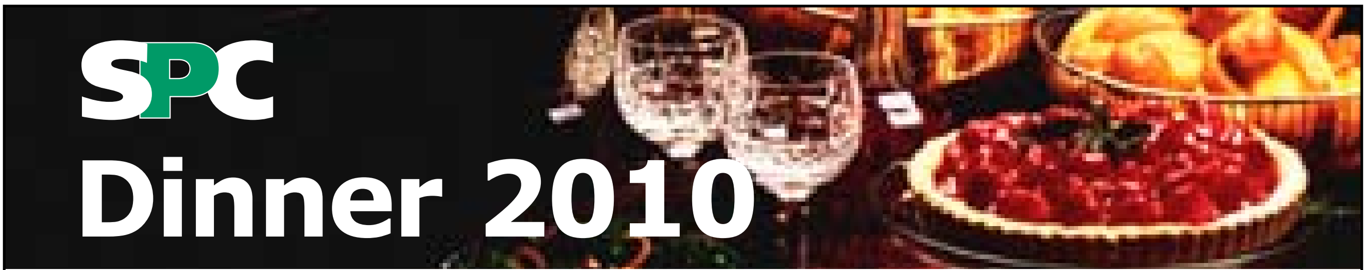

November 3rd
Dorchester Hotel, London W1
7.00 pm for 7.30 pm

This year's SPC Dinner promises to provide excellent food and entertainment and, in keeping with one of SPC's key roles, represents a peerless networking opportunity to meet with fellow industry professionals.

Key Information is:

- **Principal Speaker**

  Tim Jones (Chief Executive, Personal Accounts Delivery Authority)

  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 2010, as voted by SPC members.

- **Sponsorship**

  This year, for the first time, we are 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 — *Sponsorship agreed for this award!*

  ★ The SPC Pensions Trade Journalist of the Year Award — *Sponsorship agreed for this 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 us as soon as possible to seize the remaining sponsorship opportunity - sponsorship of the printed list of those attending.

- **Venue**

  The Dorchester, Park Lane, London W1

Tickets are £160.00 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 to 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 £130.00, as will one additional guest.

The closing date for applications is October 6th, 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.

The Dinner is still five months away, but our attendance has already passed the 100 mark. We very much hope to receive your booking soon.

For a booking form, please click here.

New SPC President

With effect from June 1st, 2010, Kevin LeGrand (Principal and Head of Technical Services at Buck Consultants) has succeeded Duncan Howorth as SPC President.

Kevin LeGrand paid public tribute to Duncan Howorth's very active and successful Presidency at the SPC AGM on May 26th. ■

SPC Conference

SPC will be holding a conference at the Waldorf Hilton, London WC2 on October 21st 2010.

The theme of the conference will be Re-engaging Employers on Saving for the Future and we are assembling a high level panel of speakers from business, political, academic and pensions backgrounds.

We will be releasing further details during the summer. The delegate rate will be £249.00 plus VAT.

If you would like to receive a conference brochure when available, please send your details, including your postal address, to events@spc.uk.com.

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

SPC Honorary Treasurer

Council has re-elected Lindsay Davies (Partner, Hymans Robertson) as SPC Honorary Treasurer for 2010-2011. ■

Who's writing about SPC

Here is the latest summary of SPC press coverage, presented to the SPC PR Committee. ■

What's being read on the SPC website

Here is the latest summary of hits on the SPC website, also presented to the PR Committee. ■

The latest new Members of SPC are:

- **Blake Lapthorn, Chandlers Ford,** Hampshire
- **Horwath, Clark, Whitehill,** London EC4
- **Pension Insurance Corporation,** London EC3
- **UBS Global Asset Management,** London EC4 ■

SPC Northwest

An SPC meeting took place on May 10th 2010 at the offices of Eversheds LLP in Manchester.

The speakers were Giles Orton and Claire Carroll of Eversheds LLP – both are specialist pensions litigation and dispute management lawyers.

The title of the session was "**Pensions High Risk Areas**" and highlighted potential pitfalls faced by those involved with running pension schemes, whether a trustee, employer or adviser. In addition to sharing their invaluable experience, to help us to deal effectively with the challenges, Giles and Claire provided an update on some recent important pensions cases.

Details of this meeting were sent to those on the mailing list for SPC Northwest meetings. If you would like to be added to it, please e-mail carla.smidt@spc.uk.com. ■

Restriction of pensions tax relief

We wrote to the Chancellor of the Exchequer in the run up to the Budget on June 22nd.

We focussed on by the statement in the Coalition's Programme for Government that:

> *We will simplify the rules and regulations relating to pensions to help reinvigorate occupational pensions, encouraging companies to offer high-quality pensions to all employees, and we will work with business and the industry to support auto enrolment.*

The tax changes introduced in haste by the Finance Act 2010 will have the opposite effect to the new Government's stated aim, because employees will be penalised for retirement savings provided by their employers. There is a substantial risk that many affected employees will opt out of their pension schemes rather than pay tax on a benefit, which will not be paid for many years to come (if ever).

While the provisions only apply directly to high earners, the implications are potentially much greater. The Treasury will require pension schemes to undertake the necessary calculations to determine whether a tax charge is payable - a further complex administrative burden which will increase schemes' costs. Additionally, if high earners (typically the more senior employees in an organisation) become distanced from the final salary scheme their company provides, it considerably increases the risk that their company will follow the example of many others and cease the future provision of final salary benefits. As a result, a measure which is intended to apply only to high earners may well impact a far greater number of people.

We recognise that the government might wish to maintain the political aim of the legislation, namely that high earners should not receive full tax relief on their pension contributions. There should, however, be a fairer and easier method of achieving this aim. There is a need for a method which is simpler and more transparent, to allow affected individuals to assess in advance the tax they would have to pay on the accrual of pension benefits (ensuring that they make adequate advance provision).

We urged the new Government to take swift action to correct the provisions of the Finance Act 2010, which have such unfair and disproportionate consequences.

For a copy of the letter, please click here.

As we went to print, the Chancellor announced in his budget speech that the new government would reconsider with the pensions industry the previous government's approach. We have also written to the Exchequer Secretary to The Treasury, raising concerns at the extremely wide drafting, and therefore uncertainty on the impact, of anti-avoidance provisions in the Finance Act 2010, enacted under the previous government.

For a copy of our letter, please click here. ■

SPC online poll result

Our most recent online poll question was:-

"Has the delay in following up the January ministerial statement on equalising GMP benefits with government guidance hampered or delayed scheme buyouts or transfers?

The voting was:-

	Opinion	%
1	Yes, it is bound to affect the transfer buyout market	62.5
2	No, there is no evidence that the market has been affected	37.5
3	Yes, I have direct evidence that these markets are closing	0.0

■

SPC responds to BAS exposure draft on pensions

We have responded to the Board for Actuarial Standards exposure draft of a Technical Actuarial Standard on pensions. For a copy of the response please click here.

We reported the publication of the exposure draft in **SPC News no. 3, 2010.** ■

Communicating the abolition of defined contribution contracting out

At the end of April SPC held a meeting with DWP officials, to continue contact originating in 2008/2009, concerning DWP's plans for communicating the abolition in 2012 of defined contribution contracting out, in the light of ministerial confirmation that defined contribution contracting out will be abolished in April 2012.

DWP plans to consult on regulations relevant to the abolition of defined contribution contracting out in summer 2010. ■

The new NEST scheme order and rules

The National Employment Savings Trust Order (SI2010/917), which will govern the operation of the National Employment Savings Trust, has been published. It takes effect on July 5th 2010. ■

A problem with the new Employer Debt Regulations

We have identified what appears to be a problem with the Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2010.

This relates to regulation 10, which amends regulation 9 of the Occupational Pension Schemes (Employer Debt) Regulations 2005.

Very broadly, the purpose of regulation 9 of the 2005 Regulations is to exclude a former employer from having to bear a share of a scheme deficit if a previous 'employer debt' arose on that former employer, which has been (actually or notionally) 'settled'. In particular, regulation 9(3)(c)(iii) sets out a number of conditions, one of which must be met.

The revision of regulation 9(3)(c)(iii) attempts to include 'restructuring' as one of the conditions, by simply inserting a new reference to condition J. However, the preamble to regulation 9(3)(c)(iii) requires an employment-cessation event or insolvency event to have occurred - but such events preclude a restructuring. That is, condition J and an employment-cessation event are mutually exclusive, by virtue of new regulation 6ZA(2). We referred to this, when responding to the consultation on the draft regulations.

The same problem arises with the corresponding change to regulation 9(3)(d).

We have asked DWP to comment. ■

SPC responds to Pensions Regulator consultation on record keeping

We have responded to the Pensions Regulator's consultation document on record keeping. For a copy of the response please click here.

We reported the publication of the consultation document in **SPC News no. 2, 2010**.

The Regulator has now published the final version of its revised guidance. For a copy please click here. ■

SPC responds to Pensions Regulator consultation: Revised guidance on avoiding delays on wind-up

We have responded to the Pensions Regulator's consultation on revised guidance on avoiding delays on wind up. For a copy of the response please click here.

The Regulator has now published the final version of revised guidance. For a copy, please click here. ■

SPC responds to BAS consultation on TM1: Statutory illustration of money purchase benefits

We have submitted a detailed response to the consultation by the Board for Actuarial Standards on the review of TM1, which governs the preparation of statutory illustrations of money purchase benefits.

For a copy of the response, please click here.

We reported the publication of the consultation paper in **SPC News no. 4, 2010**. ■

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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.