SPC news

Issue No. 6, 2010
Issued in August, 2010

in this issue ...

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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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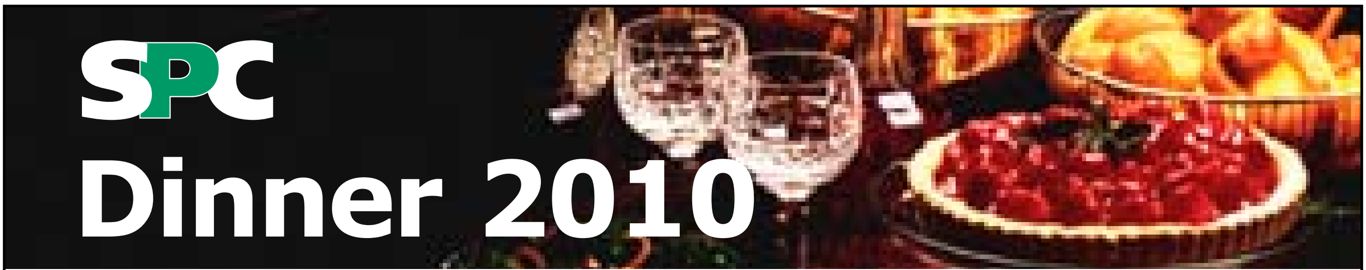

November 3rd
Dorchester Hotel, London W1
7.00 pm for 7.30 pm

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, NEST Corporation)

  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.

  The following are already sponsored:

  ★ 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

  We would welcome your sponsorship of:

  ★ The printed list of those attending, available to the 300+ diners on arrival.

  The sponsorship amount is £1,500 (VAT is not chargeable). Please contact us as soon as possible to seize this remaining sponsorship opportunity.

- **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 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 three months away, but our attendance is already heading toward the 300 mark. We very much hope to receive your booking soon.

For a booking form, please click here.

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. ■

SPC Conference

SPC will be holding a conference at the Waldorf, 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 have limited the delegate rate to £249 + VAT.

At the time of preparing this issue of SPC News, confirmed speakers were:-

- Steve Webb, The Pensions Minister
- James Churcher (Pensions Manager, Telegraph Media Group)
- Cathy Turner (Group HR Director, Barclays)
- Jerry Gandhi (Group Pensions Director, RSA)
- Christine Jackson (Head of Pensions, ITV)
- Brendan Barber (General Secretary, TUC)
- Neil Carberry (Head of Employment and Pensions, CBI)
- David Fairs (Partner, KPMG)
- Wilson Wong (Principal Researcher, the Future of HR, Work Foundation)
- Alan Pickering (Chairman, Life Academy)
- Mark Wood (Chairman, JLT Benefit Solutions)
- Kevin LeGrand (President, SPC and Head of Technical Services, Buck Consultants)

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

You can obtain the conference brochure, which incorporates booking details, by clicking here. ■

HMRC update on transfers for members age 50 to 55

We have received an update from HMRC on regulations on transfers for members age 50 to 55.

The government intends to bring forward regulations to remove the unauthorised payments tax charge, where an individual aged 50 and over, but under 55, transfers their pension in payment to another pension provider. The government intends to backdate the regulations to cover transfers made on or after April 6th 2010.

The normal minimum pension age increased from age 50 to 55 from April 6th 2010. Since then, people can normally start receiving their pension payments without paying the unauthorised payment charge only once they have reached 55. Someone aged 50 and over, but under 55, who started drawing their pension before April 6th 2010, can normally continue to draw it without paying the charge, even when they are not yet 55. However, HMRC has become aware that, unintentionally, the legislation imposes the charge if such an individual transfers their pension before age 55 to a new provider.

The proposed regulations will apply to an individual who is aged 50 and over, but under 55, and who has already satisfied the normal minimum pension age test of 50 and over before April 6th 2010. The regulations will apply where:

- sums and assets of an income drawdown fund are transferred to a new income drawdown fund with another provider or,
- sums and assets underpinning an existing lifetime annuity are transferred to another provider to provide a new lifetime annuity or,
- sums and assets underpinning an existing short term annuity are transferred to another provider to provide a new short term annuity or,

- sums and assets underpinning an existing scheme pension are transferred to another registered pension scheme to provide a new scheme pension.

The regulations are intended to ensure that there will be no unauthorised payment tax charge on these sums and assets and any payments of pension after the transfer.

Where, in advance of the regulations being made, scheme administrators act in accordance with HMRC's announcement, neither they nor members will need to pay the additional tax charges for failing to operate in accordance with the existing legislation.

HMRC intends to publish draft regulations to cover these changes for comment as soon as possible. ■

BUDGET

June 22nd 2010

George Osborne, the Chancellor of the Exchequer, presented the new government's first Budget on June 22nd.

The main proposals affecting companies and individuals are as follows:

- Public sector pay will generally be frozen for two years although those earning less than £21,000 will receive an increase of £250 in each of the two years. A review of public sector pensions by John Hutton had already been announced.
- The government will accelerate the increase in the State Pension Age to 66. A call for evidence has been launched. The government is also consulting on whether to phase out the default retirement age.
- With effect from April 2011, most benefits and tax credits will increase in line with the Consumer Prices Index (CPI) (instead of the Retail Prices Index (RPI)). This change also applies to public and private sector pensions. However, the basic State Pension will be uprated by the greatest of earnings, prices or 2.5%. The CPI will be used as the measure of prices, although the increase will be at least equal to the RPI in April 2011.
- Tax credit eligibility will be reduced for families with household income above £40,000. In addition, the rate of Child Benefit will be frozen until April 2014.
- With effect from April 2011, the threshold for employer National Insurance Contributions will be increased by an extra £21 per week above indexation.
- The main rate of corporation tax will be reduced by 1% per annum for four years, starting with a rate of 27% in April 2011. The 'small profits' rate will be reduced to 20% from April 2011.
- The government will introduce a bank levy, based on balance sheets, effective from January 1st 2011. It is proposed that the levy will be at a rate of 0.07% with a lower initial rate of 0.04% in 2011.
- With effect from January 4th 2011, the standard rate of VAT will increase to 20%.
- With effect from June 23rd 2010, capital gains tax will rise to 28% for higher and additional rate taxpayers. The 10% lifetime limit for the entrepreneurs' relief rate will be extended from the first £2 million to the first £5 million of gains made over a lifetime.
- In April 2011, the income tax personal allowance for those under age 65 will be increased by £1,000 to £7,475. Higher rate taxpayers will not benefit from this change.

There were three announcements, specifically affecting pension schemes:

- The effective requirement to purchase an annuity at age 75 will cease with effect from April 2011. In the meantime, legislation will be introduced to increase the age to 77. This change is effective from June 22nd 2010 and also applies for the purposes of inheritance tax charges, which can apply when annuity purchase is deferred.
- On the previous government's introduction of legislation to curb the tax relief obtained by individuals in registered pension schemes, by way of a high income excess relief (HIER) charge, the new government has said that it 'has reservations' about this approach. It wishes to raise at least the same amount of revenue but thinks that a much lower annual allowance might better meet this aim. However, there are various areas which will need careful consideration and the government is consulting with various interested parties, including SPC, before making a change. Therefore, the government has included measures in the current Finance Bill, to repeal the HIER charge, once it has decided on the details of the new approach. In the meantime, anti-forestalling legislation continues in force.

In the March 2010 Budget, the previous government announced that action would be taken to tackle trusts and other vehicles being used to reward employees, but avoiding income tax, National Insurance Contributions or restrictions on pensions tax relief. The new government has announced that Employer Financed Retirement Benefit Schemes are within the scope of this measure and legislation will take effect from April 2011.

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 July 9th, 2010. ■

HMRC guidance on the Scheme Sanction Charge

Since April 2006, payments made from pension schemes are treated by HMRC as either authorised or unauthorised. There are tax consequences, for both the recipients of the payments and the scheme's trustees, when unauthorised payments are made. The recipients will be subject to an 'unauthorised payments charge' tax of 40% of the unauthorised payment (there might also be a surcharge payable by them) and the trustees will be subject to a scheme sanction charge.

The scheme sanction charge is set at 40% of the unauthorised payment. However, this can be reduced to a minimum of 15% (40% - 25%) to the extent that the unauthorised payments charge has been paid.

Unauthorised payments must be reported by the trustees to HMRC on the annual Event Report.

HMRC has attempted to address some of the difficulties associated with the operation of the scheme sanction charge through Pension Schemes Newsletter 40. This includes details of a new process to make it easier for trustees to obtain the 25% deduction against the scheme sanction charge, plus information on how HMRC will collect the scheme sanction charge for the tax years since 2006-07.

With effect from April 6th 2010, when scheme trustees make payments, which they know are unauthorised, they will be able to obtain the member's agreement for the unauthorised payments charge (and any surcharge, where applicable) to be withheld from the unauthorised payment and paid directly to HMRC. This is done by way of the member completing a mandate. By using this process, trustees will be sure that the member has paid the necessary tax to HMRC and the scheme sanction charge will therefore be 15%.

If trustees wish to make use of a mandate, they should first of all check whether their scheme rules allow tax to be deducted in this way. Most schemes contain a suitable rule, in the form of a general power to deduct tax from payments made.

In the Newsletter, HMRC makes it clear that it will allow trustees a deduction of 25% against the scheme sanction charges due for tax years from 2006-07 to 2009-10 inclusive.

HMRC is billing the trustees for the scheme sanction charges for the tax years 2006-07 to 2008-09 between July 1st and September 30th this year. The delayed start was to allow trustees an opportunity to revisit any Event Reports completed to date. In particular, if payments have been previously reported as unauthorised but they are no longer treated in that way due to retrospective changes in legislation, the Event Report should be amended.

HMRC will be adding an interest charge for late payment when it sends out the tax bills, even though there has been no earlier request to pay the tax.

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 July 8th, 2010. ■

DWP responds to SPC letter on employer debt regulations

DWP has replied to our letter on the employer debt regulations, reported in **SPC News No. 5 2010**.

DWP agreed that, by virtue of regulation 6ZA(2), an employment-cessation event does not occur where there is a restructuring within regulation 6ZB or 6ZC. However, in regulation 9(3)(c)(iii) of the 2005 Regulations, DWP sees the issue turning on the phrase "he ceased to be a person employing persons in the description or category of employment to which the scheme related".

As part of a restructuring under regulation 6ZB or 6ZC, the receiving employer is required to take over responsibility for all the exiting employer's employees and scheme members. Under such an arrangement, DWP would expect that the exiting employer would cease "to be a person employing persons in the description or category of employment to which the scheme related". Provided that the terms of the restructuring were in accordance with regulation 6ZB or 6ZC, the requirements of condition J, contained in regulation 9(14A), would, DWP suggests, seem to be met.

DWP would consider that the same argument applies in relation to regulation 9(3)(d).

We consider this to be a reasonable analysis. ■

Pensions Regulator draft guidance for trustees on defined benefit multi-employer schemes

For a copy of the consultation document, to which we are preparing a response, please click here.

The Pensions Regulator has issued a consultation document on draft guidance for trustees entitled 'Defined benefit multi-employer schemes and employer departures'. The document updates, and will replace, existing guidance on multi-employer withdrawal arrangements.

The existing guidance has taken quite a narrow approach, explaining the various alternatives available to the trustees when an employer cessation event (broadly, when an employer ceases to participate in a multi-employer scheme) occurred. Until this year, when the 2010 amendments to the employer debt regime came into force, these were withdrawal arrangements and scheme apportionment arrangements (with or without Regulator approval).

Since April 2010, in certain narrow circumstances, employers ceasing to participate in multi-employer schemes have been able to avoid triggering a debt and the draft guidance has been rewritten to cover the April 2010 amendments. However, it also broadens the advice given to trustees on the matters which they should address, to be able to consider properly whether a cessation employer's liability to the scheme should be anything other than its share of the section 75 debt.

For example, the legal status of some schemes, including the history of the different employers, which might have been associated with it, can be complex. The opening section of the draft guidance aims to help trustees determine whether their scheme is a multi-employer scheme for the purposes of the legislation and provides some information on the consequences.

The guidance also now includes a section called 'Considerations for employers'. It then sets out the actions, which the Regulator expects trustees to take, in the context of a (potential) cessation event and at other times, so that they are better prepared to anticipate any cessation event, which could occur. Finally, there is a section on the different mechanisms which employers can adopt as alternatives to their share of the section 75 debt.

The Regulator has also published new modules on multi-employer schemes for its Trustee toolkit alongside the consultation. These give quick summaries of some of the issues faced by trustees of multi employer schemes.

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 July 2nd, 2010. ■

Section 251 Pensions Act 2004: SPC letter to DWP

We have written to DWP, raising concerns on the Pensions Act, 2004, section 251.

We understand that Section 251 was introduced as a transitional provision in order to help schemes deal with the A-Day tax changes and the associated deletion of the ongoing surplus rules in Schedule 22 of ICTA 1988. However, the drafting of the Section (in particular sub section (2)) appears to have a far wider application.

Whilst employers are not expecting the funding positions of their schemes to improve dramatically in the near future, they are concerned about the potential adverse accounting treatment, which might arise from IFRIC 14, if action is not taken before April 2011 to preserve their potential ability to recover surpluses from their defined benefit schemes (either ongoing or on a winding up).

Prudence therefore requires action to be taken, to avoid any adverse accounting treatment. This action would require scheme trustees to pass resolutions, retaining their power to repay surpluses in the future (even if no repayment is actually foreseeable). All members must be given three months notice of the trustees' intention to pass such resolutions.

It is the member notice requirement, which is causing practical difficulties for employers and trustees. Not only will a significant expense be incurred (especially if there is not to be a general mailing to all members before January next year) but also, at a time when most schemes are significantly underfunded and in deficit, there is a concern that members will be confused and alarmed at any notice which talks about surpluses being paid to employers.

We note that the new government has stated that it aims to simplify the rules and regulations relating to pensions to help reinvigorate occupational pensions and that the most recent Queen's Speech announced that a Pensions and Savings Bill is to be introduced to Parliament.

We consider that DWP could greatly assist employers and trustees, by issuing an announcement, confirming that the Pensions and Savings Bill will include a provision, which will repeal Section 251 of the Pensions Act 2004 with effect from April 6th 2011 (i.e. from the end of the transitional period, which applied to that Section). Alternatively, the transitional period could be extended. Either approach would prevent the need to issue unnecessary announcements to scheme members.

DWP is considering our concerns and we have followed these up at a meeting with the Pensions Minister, Steve Webb. ■

Pensions Regulator publishes covenant guidance for consultation, and revises internal controls guidance

The Pensions Regulator has published for consultation "Guidance on monitoring employer support: covenant, contingent assets and other security". The guidance is intended for trustees and will replace the existing Contingent Assets guidance, so that a single framework will cover employer support and additional forms of security. A complementary e-learning module has been published on-line for trustees, along with a short guide for employers. This guide encourages employers to share financial information with trustees (subject to confidentiality agreements where necessary) as part of an open and cooperative partnership, but also suggests that employers are legally obliged to provide trustees with information, which they need to assess covenant.

The Regulator expects trustees to take proactive action to ensure there is adequate security for the scheme. In assessing, monitoring and reacting to changes in employer covenant, it expects trustees to follow a "standard practice" set out by the draft guidance. However, the Regulator also states that the level and detail of the assessment should be proportionate to the potential benefit of the exercise and the liabilities of the scheme. In assessing which submitted valuations it will look at in greater depth, the Regulator will consider the prudence of assumptions in the context of its view of covenant strength.

The draft guidance includes case studies and checklists of the type of information useful in assessing the employer's financial strength. The Regulator intends it to:

- Strike the right balance between specifying a process for assessing and monitoring covenant and not imposing disproportionate or unnecessary costs on trustees or employers;
- Highlight the importance of measuring the covenant and understanding the employer's legal obligations and, where relevant, a wider group's legal structure.
- Equip trustees to ask the right questions and request relevant information of employers (and covenant advisers). The Regulator points out that the future prospects of the employer are more important than the past when assessing covenant. Trustees are encouraged to ask "probing questions", and more detail is given on how trustees should assess their own ability, both to ask these and to interpret the response. The Regulator lists the skills needed to assess covenant, uses a draft case study to demonstrate that objectivity and independence from the employer are necessities, and outlines how to brief a covenant adviser.
- Help trustees to identify and value ways of improving covenant or scheme security other than cash payments. For example, the Regulator points out that, where

SPC responds to draft PPF pension compensation sharing regulations

We have responded to the draft PPF pension compensation sharing regulations.

For a copy of our response please click here.

For a copy of the draft regulations, please click here. ■

the value of an asset is dependent on the continued existence of the employer, expert assessment will be needed to determine its value and relevance to funding strategy.

- Help trustees to understand that ongoing monitoring is necessary, and to proactively plan when, how (including considering an early valuation), and how quickly to act in response to changes in covenant strength. If trustees have serious concerns, the Regulator says its involvement should be sought at an early stage.

Further key message are:

- Trustees should be confident that the employer will be able to compensate the scheme for any adverse outcomes, which arise as a result of the risks, to which the scheme is exposed, including underfunding, longevity, investment and inflation. For example, where there is a very weak employer covenant, the Regulator says "trustees need to justify why an investment policy that includes the acceptance of significant risk is in the best interest of scheme members", and makes clear its view that trustees should not consider reliance on PPF as a factor in taking such risks.
- Trustees should aim to establish arrangements now, which will allow the scheme to realise the employer's financial support should circumstances deteriorate and covenant is weakened. The Regulator suggests that, where trustees accepted security during a period when employer affordability meant acceptance of reduced cash payments, once the employer's cash flow improves, the trustees should consider the extent to which the scheme should benefit from that improvement, and the point at which security should be replaced with actual cash.

We are currently preparing our response to the draft guidance.

At the same time, the regulator published revised internal controls guidance (following a consultation which commenced in December 2009).

The revisions are part of a continuing review to monitor the effectiveness of controls which pension schemes have in place. The revised guidance presents deterioration in employer covenant as a key risk area, and sets out controls procedures in some detail. It echoes the draft covenant guidance in stressing that trustees need to monitor covenant on an on-going basis and to have worked out in advance how they might respond to changes in the ability or willingness of the business to support the scheme.

In addition, the revised internal controls guidance covers a variety of other risks, such as conflicts of interest, relations with advisers and record-keeping. It stresses the usefulness of statements of internal controls in pension schemes' disclosure to members. The Regulator also states that it will continue to work with other agencies, such as the audit profession, to improve standards of risk management in the pensions industry.

This article is derived from Mercer Select, Mercer's subscriber service offering news and analysis of UK pension development on-line and by email. For further information, please click here. This article was correct on June 17th, 2010. ■

Abolition of defined contribution contracting-out

DWP has now released for comment draft regulations, implementing the planned abolition of defined contribution contracting out in 2010.

For a copy please click here.

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

FSA consultation paper 10/9: Enhancing the Client Assets Sourcebook

We have responded to FSA consultation paper 10/9: Enhancing the Client Assets Sourcebook.

For a copy of the response, please click here. ■

SPC responds to FSA: Delivering the RDR and Other Issues for discussion

We have responded to FSA discussion paper 10/2: Delivering the RDR and Other Issues for discussion.

A copy of the response is available by here.

FSA sought views on its analysis of the issues related to platform remuneration and on its preference to stop payments from product providers to platforms.

In general, we agreed with the analysis. However, we drew FSA's attention to the issue raised by the use of platforms within Self-Invested Personal Pensions (SIPPs).

Before changes in regulation, a pension policy could typically only be provided by an insurer (i.e. a 'product provider'). When the rules were relaxed in 2007, this opened up the SIPP market to non-insurer 'operators'. These operators are providers of the SIPP wrapper, but are not 'product providers' in the true sense of the word, as they do not issue underlying investment products themselves.

We would question whether the scope of the proposals in this part of the consultation should include SIPP operators within the definition of 'product provider'.

A SIPP provider typically uses the facilities of the platform just as an adviser would – but the platform is not used to sell a provider's products.

As SIPP operators are not providers in their own right, they charge separate fees for dealing separately with each fund manager or product provider. Costs to the SIPP member can be reduced (and a wide choice of funds offered) through the use of a funds supermarket.

Many SIPP providers do not require SIPP members to use a specific platform, but offer a choice. Hence, SIPP members can either use a platform (at one cost) or the SIPP provider can deal with the specified fund manager (at a different cost).

The provision of an electronic dealing platform enables SIPP members to execute deals quickly and this is usually the cheaper option for SIPP members. This brings a benefit to consumers.

In establishing a platform, the SIPP operator incurs both set-up and ongoing costs and undertakes initial and ongoing due diligence on the funds included within the platform (to ensure that there are no funds which could lead to unauthorised charges for members). These costs are recouped through the charges made for use of the platform and SIPP operators have transparent charging structures. Therefore consumers can easily compare the costs of using the platform against those of dealing directly with each fund manager.

The set-up and ongoing costs for SIPP operators include a payment made to the platform provider for the supply of services (e.g. software for use by the SIPP member and links to the operator's systems for valuation purposes). The costs incurred by the SIPP provider are covered by the charges made for use of the platform and hence are transparent to the consumer.

We therefore see no reason to ban payments from SIPP operators to platform providers, as there is already transparency of costs. Furthermore, the service offered by a platform to one SIPP operator might differ from that offered to another. The service might include additional administration or valuation tools and the costs are negotiated between the operator and the platform provider, depending on the target market for the operator and its own system functionality. Banning payments would simply shift the costs from the SIPP operator to the platform, which would increase its charges, but there would be no real benefit to the consumer.

We would highlight that some platform providers make a payment to SIPP operators which is 'commission' (typically based on funds under management or as a percentage of each trade) and this is not in line with RDR proposals. The removal of commission will typically see the direct costs to consumers increase as SIPP operators lose income from these arrangements, but we appreciate that this is an effect of the banning of commission generally.

In summary, we would prefer requiring any payments between the platform and the provider to be disclosed where this specifically results in payments linked to a transaction or volumes of business. However, we do not believe it is necessary to require the disclosure of a commercial arrangement between a SIPP provider, and a platform provider, where the arrangement is not linked to transactions or volumes of business.

FSA also sought views on its analysis of what will be required to facilitate Adviser Charging through platforms.

We have some concerns about Adviser Charging within pensions products generally. Where an investor uses a platform for both pension and non-pension investments, there is the opportunity to set up the payment of the adviser's fees through the pension product. This would be a tax efficient way of paying adviser fees, but would represent an unauthorised payment under pension taxation laws. This results in charges being levied against both the investor and the scheme operator. However, at present, commission is linked to the transaction. This means that it is not possible to manipulate payments to the adviser. The removal of commission will mean that this manipulation is possible and it will be out of the hands of the pension provider. An example, using a SIPP (although it could equally apply to other pension products), illustrates this best:

Currently: A SIPP member elects to use a platform for dealing in funds. Each trade gives the adviser a percentage of commission (e.g. ½%) and the SIPP operator can see that the commission is linked to the transaction and is hence a 'reasonable' payment for advice in relation to the SIPP.

Adviser Charging as proposed: The platform holds a number of investments for the SIPP member as well as investments not linked to the SIPP. The SIPP member and adviser between them agree that it is easier for payments to come from one fund – one held within the SIPP. Whilst the fee in relation to pension advice is appropriate, the fee linked to other investments is an unauthorised payment. This leads to the potential for an 'unauthorised payment charge' to be levied by HMRC, because a pension fund should not be used in this manner. Whilst the SIPP member might still find it advantageous to incur this charge, the SIPP operator will incur a charge for something beyond its control.

From a practical viewpoint, either the platform would need to operate separate SIPP cash accounts, or the SIPP provider would simply not be able to use that platform, thus limiting customer choice. In the absence of this solution, SIPP providers would be faced with excessive work in monitoring and reporting the unauthorised payment position, probably leading to increased fees for the client.

We therefore consider that Adviser Charging in relation to platforms has drawbacks and HMRC guidance would be needed before pension providers would be satisfied that they would not incur unauthorised payment charges. The law, at present, does not allow for this, hence what may be suitable for the general customer may not be allowable for a pension customer. ■

FSA issues consultation paper 10/12: Competence and Ethics

FSA has issued consultation paper 10/12: Competence and Ethics. For a copy, please click here.

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

SPC responds to Insolvency Service consultation on debt relief orders and pensions

We have responded to the Insolvency Service consultation on debt relief orders and pensions.

For a copy of the response please click here.

We reported the consultation in **SPC News no. 4 2010**. ■

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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