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BBS trustees agenda

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No let up on Solvency II

Pensions Minister Steve Webb has promised to fight the Solvency II rules which could have catastrophic consequences for UK company pension schemes.

Mr Webb said "It is unbelievable the [European] Commission is pressing ahead with these pointless proposals which would cost UK employers with final salary schemes hundreds of billions of pounds and lead to DB scheme closures. We will not let up until we make the Commission see sense."

Disclosure requirements to be amended

The DWP has published draft regulations which would revise the disclosure requirements for occupational pension schemes with effect from 1 October 2012, to meet the requirements for auto-enrolment.

The draft regulations will reduce the timescale for providing basic information such as the provision of new entrant information, for which the deadline will be reduced from two months to the end of the one month opt out period.

In addition, the current requirement to tell prospective members whether admission to the scheme is automatic or subject to consent is replaced by a requirement to tell them how eligible members are admitted (including whether they are subject to auto-enrolment or can join on their own application).

It has been the Government's intention since 2009 to consult on consolidating the main disclosure requirements into one statutory instrument to achieve consistency where possible across the different types of schemes, and further consolidation of disclosure regulations is likely to occur in 2013.

ABI report "Time to Act: Tackling our Savings Problem and Building our Future"

The ABI has published a report which highlights the pivotal role the workplace will play in closing the savings gap in Britain.

The report finds that increasing an annual pension contribution from 8% to 12% can increase a pension pot by 50%.

Code of Practice on incentive exercises

The Industry Working Group has issued its Code of Good Practice relating to pensions incentive exercises such as enhanced transfer values (ETVs) and pension increase exchange (PIE).

The Code is voluntary rather than having any legal force, however a Monitoring Body is to be set up which will keep the Code under review, with the potential to recommend the need for legislation if there is a lack of voluntary compliance.

The Code has been welcomed by the pensions industry.

Regulator encourages good work-based DC provision

The Pensions Regulator has published material to help providers, trustees and employers deliver good outcomes from work-based defined contribution (DC) pensions.

The materials include a statement entitled "Enabling a good member outcome in DC pensions" which provides an update on the ongoing industry dialogue. This is accompanied by a list of draft key features which represent the Regulator's current view of the core components of a DC scheme most likely to result in a better income for savers at retirement.

An online "DC qualifying scheme tool" allows employers to assess whether their existing DC scheme meets the minimum criteria for an automatic enrolment scheme. This is accompanied by a leaflet "Selecting a good auto enrolment scheme" which poses a number of questions to consider when selecting a pension scheme for auto-enrolment.

NAPF warns AE rules too complicated

The NAPF has warned that the Government's auto-enrolment scheme is at risk of failing due to over complicated rules, and in particular which employees are eligible to join the scheme.

NAPF Chief Executive Joanne Segars has commented that "It could have been an awful lot simpler. Employers are worrying about how on earth they will implement auto-enrolment. The rules are eye-wateringly complex."



Annuity rates at all-time low

According to Alexander Forbes Annuity Bureau, annuity rates have fallen by up to £200 over the

past month, with the situation in Europe being a major catalyst for the fall.

PFI reforms could see pension investment in infrastructure

Government plans to reform the private finance initiative (PFI) could see pension funds financing a large chunk of a £200bn infrastructure programme that Ministers hope will kick-start the economy.

Pension funds have been unwilling to invest in the construction phase of projects in the past as it is considered risky. However, Infrastructure UK, the Treasury body, would allow pension funds to put up debt as well as equity to fund the projects, making the investment less risky as pension funds would see the majority of their money almost guaranteed to be repaid.

CII reports on small companies' readiness for AE

The Chartered Insurance Institute (CII) has published a report which looks at how ready small businesses are for auto-enrolment.

The results suggest that a minority of small companies are ready for the reforms, with the majority unaware of the Government's proposals in this area.

Only around 6% of companies have sought external assistance from a financial advisor ahead of AE.

Regulator publishes documents for AE compliance

The Pensions Regulator has published the following documents:

- 'Compliance and enforcement strategy' - which provides a framework for its regulatory approach towards auto-enrolment, and outlines the various options available to maximise employer compliance with the new rules
- 'Employer duties' - which summarises the compliance and enforcement strategy outlining its regulatory approach and legal powers
- 'Compliance and enforcement policy' - which explains TPR's approach to minimising non-compliance with the duties and safeguards, and associated legislation.

Pension Protection Fund 7800 Index

The NAPF has described the £312.1bn deficit of funds in the latest PPF 7800 Index as "a big leap further into the red for private sector final salary pension funds."

Decision on NI contributions reversed

The Court of Appeal has ruled that National Insurance contributions are due on employer payments into funded unapproved retirement benefit schemes made before 6 April 2006.

The ruling reverses the decision of the Upper Tribunal in *Forde and McHugh v HMRC*.