
Scheme Administration

Provision of Information to Members

The Pensions Act 2004 introduced a requirement for employers to consult scheme members before certain changes are made to their benefit entitlement. With effect from 6 April 2008, the requirement to consult now applies to employers with more than 50 employees.

Calculation of Benefits

The revaluation of guaranteed minimum pensions in line with average earnings for contracted out schemes (referred to as section 148 revaluation) will use a rate of 4.2% for the tax year ending on 5 April 2008.

HM Revenue & Customs

HMRC has changed the telephone number for its Pension Schemes Helpline to 0845 600 2622.

Pension Payroll

Following the end of the 2007-08 tax year, payroll administrators are required to submit Pay As You Earn (PAYE) information to HMRC by 19 May 2008 and issue P60 forms to pensioner members by 31 May 2008.

Actuarial

PPF Levies

The new General Levy rates payable by pension schemes for the year commencing 1 April 2008 will be £3.35 per member for schemes with between 12 and 99 members and £2.42 per member for schemes with between 100 and 999 members.

Accounting for Pensions Cost

On 27 March 2008, the International Accounting Standards Board (IASB) published a discussion paper on IAS19 Employee Benefits, setting out the IASB's preliminary views on how the accounting for pension benefits could be improved. The main proposal in the paper relates to the removal of the ability to smooth investment gains and losses over several years.

Transfer Values

The Department for Work and Pensions (DWP) published new regulations on the calculation of cash equivalent transfer values on 11 April 2008. The Pensions Regulator confirmed that it would be publishing guidance for trustees and scheme members before the new regulations come into force on 1 October 2008.

Mortality

On 28 March 2008, the Board for Actuarial Standards (BAS) published a discussion paper on actuarial mortality assumptions. The paper looks at the evidence on which mortality assumptions are based, methods of deriving them and how information about them should be communicated.

Consultancy

The Pensions Regulator

On 20 March 2008, the Regulator published updated guidance to support trustees and employers dealing with events, usually corporate transactions, that may impact on their pension scheme and when applying for a clearance statement. The revised guidance focuses on the distinction between employer and scheme related events, the types of mitigation that could be considered and the guiding principles that trustees and employers should apply.

The DWP proposed changes to the Regulator's anti avoidance powers in relation to the buy-out market on 14 April 2008. The Regulator will be given the power to require an employer or associate to pay contributions to a scheme if their actions threaten the security of members' benefits. The Government is concerned about corporate transactions that result in schemes having reduced support from sponsoring employers or insurance capital.

Legislation affecting Scheme Benefits

Further to the new employer debt legislation effective from 6 April 2008, the Pensions Regulator published updated guidance on multi-employer withdrawal arrangements to support trustees and employers involved with withdrawal and debt apportionment arrangements.

The Pension Protection Fund and the Financial Assistance Scheme

On 28 March 2008, the PPF confirmed changes to the assumptions used for valuations under section 143 (PPF entry) and section 179 (PPF levies) of the Pensions Act 2004. The changes involve a strengthening of the mortality assumptions and a weakening of the discount rate assumptions and are to take effect from 31 March 2008.

Draft regulations to increase the cap on the compensation which the PPF can pay to individual members have been published. The annual compensation that can be paid to members below normal retirement age is limited to 90% of a cap of £30,856 with effect from 1 April 2008.

Benefit Structure

HMRC published a note on the workings of salary sacrifice arrangements on 17 March 2008.

Investments

On 31 March 2008, HM Treasury, DWP and Pensions Regulator launched a consultation on updating the Myners investment principles, designed to improve trustee investment decision making and governance of pension schemes. The consultation proposes a set of simplified high-level principles and the development of a comprehensive suite of best practice guidance for trustees.

"I'd like to live as a poor man with lots of money"

Pablo Picasso

The information in this note should not be relied upon or taken as an authoritative statement of the law.



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