

Scheme Administration

Benefit Calculations

The Department for Work and Pensions (DWP) has indicated that the effective date for the legislation allowing pension schemes to make trivial commutation payments of up to £2,000, often referred to as 'stranded pension pots', will be in Autumn 2009.

The Retail Prices Index (RPI) inflation measure for February 2009 was 0% whereas the alternative Consumer Prices Index (CPI) measure was 3.2%.

With effect from 6 April 2009, new legislation in the Pensions Act 2008 allows certain people to buy up to an additional six years of voluntary Class 3 NI contributions in order to enhance their basic State Pension entitlement. This is over and above the usual arrangements for buying back State Pension benefits.

Pension Payroll

Following the end of the 2008-09 tax year, payroll administrators are required to submit Pay As You Earn (PAYE) information to HMRC by 19 May 2009 and issue P60 forms to pensioner members by 31 May 2009.

Reporting and Controls

On 7 April 2009, HMRC announced changes to the procedures for repayment of tax paid on pension schemes' investment income. Any requests for tax repayment made during a tax year will only be accepted if the tax amount exceeds £5,000. Repayments of smaller amounts will have to be made on a scheme's self assessment return after the end of the tax year. These new procedures will be effective from 1 August 2009.

HMRC has also announced a change of the bank account details for the submission of any tax due under the quarterly Accounting for Tax (AFT) return. Tax payments should be sent by scheme administrators using sort code 08-32-10 and account number 12001020.

With effect from 6 April 2009, the following three notifiable events have been abolished; changing a scheme's actuary or auditor on two or more occasions in a year, two or more changes in key employer posts in a year, any change in a sponsoring employer's credit rating.

Actuarial

Mortality

In an association with the Cass Business School, the Actuarial Profession has published a study on the effects of obesity on life expectancy in the UK. The study uses the body mass index and waist to height measures to estimate years of life lost due to being overweight.

Pension Protection Fund

The cap on compensation paid to members of pension schemes that transfer to the PPF is to be £31,936 for people aged 65, with effect from 1 April 2009. Because those who have yet to retire will receive 90% of their scheme benefits, the maximum compensation would be a pension of £28,742 per annum.

Consultancy

Defined Contribution

Raising Standards of Pension Administration (RSPA), a voluntary initiative by the pensions industry, has launched a best practice guide for defined contribution schemes. The objective of the guidance is to develop tools and ideas which will assist with the understanding of interdependencies in a DC scheme.

Investments

Following a 31.3% fall over 2008, the FTSE100 index fell a further 11.5% over Quarter 1 2009.

Pensions Provision

On 15 April 2009, the Association of British Insurers (ABI) published a guide to the buy-out market, entitled 'Information for trustees about the Bulk Insured Pensions business'. The ABI estimates that the pension benefits of over half a million people are covered by buy-out arrangements.

Spring 2009 Pensions Seminars

Registration for Thomson Dickson Consulting's Spring 2009 seminars on current issues impacting on the management of occupational pension schemes is available on our web site, www.tdcllp.com.

The breakfast seminars are being held on the following dates: Tuesday 28 April (Edinburgh), Thursday 30 April (Aberdeen), Tuesday 5 May (Glasgow), Thursday 7 May (Inverness).

This series of seminars will focus on the management of closed final salary schemes and the challenges of DC pension provision faced by employers and employees.

"If all the economists were laid end to end, they'd never reach a conclusion"

George Bernard Shaw

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



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