
Scheme Administration

Member Data

On 12 April 2011 the Pensions Regulator published a guide, setting out “5 simple steps for trustees to improve scheme administration”, to help trustees to understand their responsibilities and to improve standards of administration in their scheme. The five steps include identifying gaps in data, understanding services provided by the scheme administrator and their reports, having regular contact with the administrator and setting up an administration committee.

Benefit Calculations

Trustees are encouraged to nominate a Pension Input Period for their scheme in advance of the enactment of the Finance Bill 2011, expected to be in June 2011. The Pension Input Period is the period over which benefit accrual and employer and member contributions will be measured against the new £50,000 annual allowance for 2011-12. The HMRC Pension Schemes Newsletter 46, published on 8 April 2011, has more information on this issue and the restriction of pensions tax relief.

In the year to March 2011 the RPI annual inflation measure was 5.3%. The Government’s preferred measure of inflation, CPI, was 4.0% over the same period, double the target rate of 2.0%.

Pension Payroll

Following the end of the 2010-11 tax year, payroll administrators are required to submit Pay As You Earn (PAYE) information to HMRC by 19 May 2011 and issue P60 forms to pensioner members by 31 May 2011.

Actuarial

Pension Protection Fund

On 4 April 2011 the PPF published its 2011 Strategic Plan which sets out its priorities and objectives for the next three years. Over the next 12 months, the PPF will focus on implementing the new levy framework, use its Assess & Pay program to process schemes through the assessment period and further develop its management of investment risk.

On 14 April 2011 the PPF updated its valuation guidance for both section 143 and 179 valuations. The changes to valuation assumptions, which strengthen the bases used, are required in order to reflect pricing in the bulk annuity market and take effect from 1 April 2011.

Governance

Scheme Reporting

On 6 April 2011 HMRC published a revised version of its user guide for the Pension Schemes Online service. The user guide clarifies the roles and responsibilities of scheme administrators and practitioners, including the requirement for online filing of Event Reports and quarterly Accounting for Tax (AFT) Returns. The AFT Return for Q1 2011 has to be submitted by 15 May 2011.

Legislation

The Chancellor of the Exchequer announced the following pensions measures in his Budget on 23 March 2011:

- reform of state pension benefits to provide a simplified, single tier, flat rate pension
- investigation of an automatic method to increase the State Pension Age
- consolidation of the income tax and national insurance systems to be explored
- acceptance of Lord Hutton's recommendations for public sector schemes
- consultation on tax relief on asset backed contributions to defined benefit schemes
- confirmation of the £50,000 annual allowance for 2011-12 and a £1.5m lifetime allowance for 2012-13

On 31 March 2011 the Finance Bill 2011 was published with a pensions focus on the new tax regime for pension contributions from 6 April 2011 and the removal of compulsory annuitisation at age 75.

On 4 April 2011 the Department for Work and Pensions (DWP) published a Green Paper entitled "A state pension for the 21st Century" setting out options to simplify the state pension system for future pensioners. The most radical proposal in the paper is the set up of a single tier state pension of £140 per week, replacing the existing combination of entitlements and means testing approach.

With effect from 6 April 2011 the Basic State Pension is set at £102.15 per week (£5,311.80 per annum) for a single person and £163.35 per week (£8,494.20 per annum) for a married couple.

Investments

Following a 9.0% rise over 2010, the FTSE100 index increased by only 0.2% over Quarter 1 2011.

Consultancy

Defined Contribution

On 25 March 2011 the National Employment Savings Trust (NEST) published its investment strategy and its first Statement of Investment Principles (SIP). A target date approach has been adopted for the NEST default fund with an investment objective that seeks to achieve a net return in excess of inflation and recognises the different phases in an individual's savings career.

Spring 2011 Pensions Seminars

Registration for Thomson Dickson Consulting's Spring 2011 seminars on current pensions issues is available on our web site, www.tdcllp.com. The breakfast seminars, focusing on the key administration, actuarial and governance aspects to be managed by closed defined benefit pension schemes, are being held on the following dates:

Edinburgh: Tuesday 17 May 2011, Hotel Missoni

Glasgow: Thursday 19 May 2011, Blythswood Square Hotel

Inverness: Tuesday 24 May 2011, Glenmoriston Town House Hotel

Aberdeen: Thursday 26 May 2011, Marcliffe Hotel & Spa

"It is better to have a permanent income than to be fascinating"

Oscar Wilde

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



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