
Scheme Administration**Benefit Calculations**

Class 1 National Insurance rates have been confirmed for tax year 2009-10. Contracted-in employees will pay NI contributions of 11% on annual earnings between the Primary Threshold £5,715 and the Upper Earnings Limit (UEL) of £43,875 and 1% on earnings above the UEL. Employers will pay NI contributions of 12.8% on earnings above the £5,715 threshold.

The Retail Prices Index (RPI) inflation measure for December 2008 fell to 0.9%, down from 3.0% for November 2008 and 4.0% for December 2007.

Actuarial**Pension Protection Fund**

Employers and trustees are reminded of the deadlines and revised procedures for submitting information to reduce PPF levies to be paid in 2009-10. Schemes wishing to certify deficit reduction contributions, contingent assets and block transfers should now do this through the Pensions Regulator's Exchange system. The deadlines for submission of these certificates on Exchange are 31 March 2009 for certification/recertification of contingent assets (although the documents required in hard copy must still be submitted to the PPF by the same deadline) and 7 April 2009 for certification of deficit reduction contributions and block transfers. As the D&B failure score(s) as at 31 March 2008 will be used for the 2009-10 levy, there is no requirement this year to check current D&B scores.

On 9 February 2009, the PPF published the Trustee Good Practice Guide to help pension scheme trustees understand what is needed to complete the PPF assessment period in a timely and effective way. The Guide will help trustees to better understand the key activities that a scheme needs to undertake to complete the assessment period, the roles and responsibilities of the trustees, what the PPF will expect from them and how the PPF will support them during the assessment period.

Scheme Funding

From 26 January 2009, the Pensions Regulator's scheme funding powers were extended to allow him to intervene in a scheme, where the sole grounds for concern is that the actuarial methods and assumptions used in the calculation of the scheme's technical provisions do not appear to have been chosen prudently.

Consultancy

Defined Contribution

On 5 February 2009, the Department for Work and Pensions (DWP) published a research report entitled, 'Saving for Retirement: Implications of Pensions Reform on Financial Incentives to Save for Retirement'. The research looked at the impact on those making savings into a defined contribution pension with an employer contribution and established that over 99% are better off in retirement by saving. The findings in the report are being used by the DWP to support the introduction of auto-enrolment as part of the Personal Accounts regime from 2012.

Further detail on the operation of Personal Accounts is starting to emerge. The system will undergo a 'soft launch' to avoid large-scale IT issues, with the first employers being accepted into the scheme in 2011 on a voluntary pilot basis. Mandatory auto-enrolment is likely to be phased in from October 2012 with an initial focus on the largest employers. Because of the likely three year step up in employer contribution rate, it is possible that it could be at least 2016 before the smallest employers are required to contribute the 3% of their employees' qualifying earnings.

Pensions Provision

The National Association of Pension Funds (NAPF) published findings from its latest survey 'Pension Provision and the Economic Crisis' on 23 January 2009. A key finding reiterated the continuing shift from defined benefit to defined contribution, with 27% of schemes which are already closed to new members intending to close to existing members. Alongside the release of the survey, the NAPF called upon the Government to take radical action to ease pressure on scheme sponsors and enhance scheme member security.

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 now available on our web site, www.tdcllp.com. This series of seminars will consider both employer and employee aspects of the move from defined benefit to defined contribution pension provision.

The breakfast seminars are being held on the following dates:

Edinburgh: Tuesday 28 April 2009, The Bonham Hotel
Aberdeen: Thursday 30 April 2009, The Marcliffe Hotel & Spa
Glasgow: Tuesday 5 May 2009, The Radisson SAS Hotel
Inverness: Thursday 7 May 2009, The Kingsmills Hotel

"Term, holidays, term, holidays, 'til we leave school, then work, work, work 'til we die"
C S Lewis

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



Thomson Dickson Consulting LLP

45 West Nile Street, Glasgow, G1 2PT | t: 0141 285 1585 | f: 0141 285 1586 | enquiry@tdcllp.com | www.tdcllp.com