
Scheme Administration

Scheme Accounts

The deadline for submission of a pension scheme's self assessment tax return (SA970) for the tax year ending 5 April 2009 is 31 January 2010. If a scheme has to submit a return, the trustees should have received their SA970 form from HMRC.

Actuarial

Actuarial Profession

On 22 December 2009, the Board for Actuarial Standards (BAS) published a revised draft of its proposed standard for actuarial modelling. The document is part of the BAS's project to develop new actuarial standards, and follows the recent issue of standards for data and reporting actuarial information. The proposed standard is expected to come into force in January 2011.

Pension Protection Fund

On 18 December 2009, the PPF confirmed details of the 2010-11 levy. The PPF aims to collect a total levy of £720m using a levy scaling factor of 1.64 (reduced from 2.22 for 2009-10) and a scheme based levy multiplier of 0.0145% (reduced from 0.0162% for 2009-10). At the same time, the PPF confirmed a reduction in the cap on the risk-based levy to 0.5% of PPF liabilities, estimating that the revised cap will impact on 10% of schemes (an increase from the 5% of schemes affected under the previous 1% cap).

Employers and trustees are reminded of the deadlines for submitting information to be included in the calculation of PPF levies for 2010-11. The submission deadlines on Exchange are 31 March 2010 for certification/recertification of contingent assets, 9 April 2010 for deficit reduction contributions and 30 June 2010 for block transfers. As the D&B failure score(s) at 31 March 2009 will be used for the 2010-11 levy, the deadline has passed for submitting any information that might impact on the D&B score for the 2010-11 levy. However, as the D&B score at 31 March 2010 will be used to determine the 2011-12 levy, any relevant information should be submitted to D&B by 30 March 2010.

Governance

Legislation

On 11 January 2010, HMRC published a guide to the rise in the minimum pension age from 50 to 55 taking effect from 6 April 2010. The guide includes a set of Q&As for pension scheme members affected by this change.

Scheme Reporting

Trustees are required to complete and submit their annual Scheme Return in January and February 2010, via the Regulator's online Exchange system. All trustees should receive a letter from the Regulator stating the required by date for submission of the 2009-10 Scheme Return.

On 11 Jan 2010, the Department for Work and Pensions (DWP) published a consultation paper and draft regulations covering disclosure of information requirements for occupational, personal and stakeholder pension schemes. The paper also sets out the DWP's response to the 2009 consultation on the pension scheme disclosure of information regime, including the adoption of principles based legislation, use of 'within a reasonable period' and use of electronic methods of communication.

Consultancy

Defined Contribution

On 4 January 2010, the Association of British Insurers (ABI) published a Retirement Income Policy Paper with seven proposals to improve the options for taking retirement income from defined contribution pension plans. The proposals include raising the age limit for buying an annuity from 75 to 80 and standardising the trivial commutation limits for occupational and contract based DC plans.

Investments

BNY Mellon Asset Servicing has calculated that the average UK pension fund achieved an estimated weighted average return of 14% over 2009. The annualised return over the three years and five years to 31 December 2009 was 1.7% and 3.2% respectively.

Pensions Provision

On 7 January 2010, the Personal Accounts Delivery Authority (PADA) announced that National Employment Savings Trust (NEST) will be the permanent name of the Personal Accounts workplace pension scheme. NEST will be run by the NEST Corporation, a not-for-profit trustee corporation.

On 12 January 2010, the final rules for the Government's pensions' reform, including auto-enrolment, were laid before parliament. Large employers will be required to enrol their employees from October 2012 with smaller employers being phased in over the following three years. The employer contribution rate will be 1% from 2012, 2% from 2016 and 3% from 2017. The criteria for an existing pension scheme to certify that it at least matches the NEST plan are to be reviewed later in the year.

The Association of Consulting Actuaries (ACA) released the final results from its 2009 Pensions Trends Survey on 4 January 2010. The headline findings of the survey of predominately larger schemes included the statistics that 87% of defined benefit schemes were closed to new members and 18% are also closed to future accruals.

"It is pretty hard to tell what does bring happiness; poverty and wealth have both failed"

Kin Hubbard

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



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