

## **Scheme Administration**

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### **Reporting and Controls**

HM Treasury announced on 29 May 2008 that Lord Adair Turner, former Chairman of the Pensions Commission, is to become the next Chairman of the Financial Services Authority from September 2008.

### **Calculation of Benefits**

Individuals who are planning to use primary or enhanced protection of their pre A Day benefits to avoid tax on benefits in excess of the lifetime allowance have until 5 April 2009 to submit the relevant forms to HMRC.

A recent agreement to provide temporary and agency workers with the same rights as permanent staff does not extend to employers offering improved sick pay, maternity, paternity and pension benefits.

## **Actuarial**

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### **Levies**

On 30 May 2008, the Pension Protection Fund (PPF) published details of the final scaling factor and multiplier for 2008-09 levies. The scaling factor has been set at 3.77, over 2.3 times higher than the preliminary estimate of 1.6 announced in November 2007, and the multiplier set at 0.0165%, compared to the preliminary estimate of 0.0152%. Please refer to our Technical Note for more details on the calculation of PPF levies.

The Financial Reporting Council (FRC) has set its levy for 2008-09 at £2.90 per 100 members, but with a de minimis contribution of £29 meaning that only schemes with 1,000 or more members are required to pay a levy.

### **The Actuarial Profession**

On 23 May 2008, the FRC published two discussion papers on actuarial practice and regulation. These papers are aimed at creating a wider understanding of actuarial quality and how it can be monitored and improved.

## **Consultancy**

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### **The Pensions Regulator**

On 2 June 2008, the Regulator published guidance entitled 'Relations with advisers' to help trustees make the best use of the expertise that advisers can bring to a pension scheme. The guidance highlights key issues that trustees may wish to take into account when appointing a new adviser or reviewing the performance of an existing adviser.

### **Legislation affecting Scheme Benefits**

Following the European Commission's confirmation that automatic enrolment does not breach the Distance Marketing Directive, the Department for Work and Pensions (DWP) announced on 16 May 2008 that automatic enrolment will be extended to insurance-based workplace pension from 2012.

### **Pensions Provision**

On 5 June 2008, the DWP published a consultation paper looking at how employers can continue to maintain good occupational pension provision through greater risk sharing. The Government is asking for views on whether pensions law should be amended to allow new types of pension schemes which would more evenly share risks such as investment performance and increasing life expectancy between the employer and the individual.

Paternoster, the insurance company active in the buy out market, published analysis on 21 May 2008 of the typical cost of securing the liabilities for pensioner and deferred members of pension schemes. The costs of securing liabilities with an insurer in Q1 2008 dropped by between 5% and 10% relative to the cost at the end of 2007.

### **Investments**

Scottish Widows is accused of giving negligent advice in 1999 and 2000 to trustees of about 100 pension schemes. The accusation relates to trustees being encouraged to switch assets from deferred annuity policies to managed fund type investments with greater exposure to equities and the surrender of annuity rate guarantees.

*"My problem lies in reconciling my gross habits with my net income"*

**Errol Flynn**

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



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