

Scheme Administration

Benefit Calculations

On 19 May 2010, HMRC updated its guidance booklets on contracting-out. The revised booklets have reference numbers CA14C, CA14D, CA14E and CA16A, with CA14C providing contracted-out guidance for salary related pension schemes.

Data

On 2 June 2010, the Pensions Regulator published its final guidance on record keeping and revised guidance on wind up. The record keeping guidance is aimed at trustees, providers and administrators, who as well as checking that full data exists, need to ensure that their data is accurate. The guidance sets out a proposed framework for data checking, including a deadline of December 2012 for all schemes for the resolution of outstanding data issues. The wind up guidance provides suggestions of good practice to help trustees and others meet the two year time frame in relation to winding up occupational pension schemes.

Actuarial

Actuarial Profession

On 25 May 2010, members of the Faculty of Actuaries in Scotland and the Institute of Actuaries voted in favour of merging the two organisations to form the Institute and Faculty of Actuaries.

On 10 June 2010, the Actuarial Profession published a discussion paper on conflicts of interest, seeking the views of actuaries and their employers, and other interested parties, including users of actuarial advice and regulators, about their experience of conflicts. The Profession has also prepared two questionnaires to accompany the paper which seek to gather evidence and views on how conflicts of interest can best be managed and reconciled.

Pension Protection Fund

On 24 May 2010, the PPF published its latest Bulletin, a newsletter which rounds up PPF news from the past couple of months. This issue features updates on the pension protection levy, FAS regulations and the PPF's investment strategy.

Scheme Funding

On 9 June 2010, the Pensions Regulator issued a statement aimed at trustees of defined benefit schemes, which details forthcoming guidance aimed at improving understanding of the support that a sponsoring employer provides for a scheme. The statement is the first step in a campaign to improve the monitoring of scheme funding and employer covenants and will be followed by a series of consultation documents:

- Guidance on monitoring employer support will provide more information on what trustees should do to measure and monitor employer covenant. It will also outline action trustees should take to strengthen scheme security if needed as a consequence of these

assessments. It will provide guidance on how contingent assets and other arrangements can work alongside employer covenant to provide further safeguards (issued on 15 June 2010 along with a short guide on employer covenant, aimed at employers).

- Guidance for trustees of multi-employer schemes will explain the importance of understanding who is legally responsible for supporting the liabilities in a multi-employer scheme; assessing the strength of the covenant supporting the scheme; and the options for mitigating the risk associated with the departure of an employer from the scheme, including the two alternative mechanisms introduced by the Department for Work and Pensions in April 2010.
- Following the focus on covenant issues, the Regulator will be producing revised guidance on transfer incentives, and other situations in which members are asked to consider substituting or converting their benefits. This will replace the current 'inducements' guidance and set out a principles-based approach to the issue.

All publications will be supported by bite-sized e-learning tools to help trustees better understand the new guidance.

Governance

Legislation

The Queen's Speech was delivered on 25 May 2010, setting out the Government's legislative programme for 2009-10 and 2010-11. The set of proposed Bills includes the Pensions and Savings Bill, covering a review of the state pension age and the linking of the basic state pension to earnings, and the Equitable Life Payments Scheme Bill.

Trustees

On 27 May 2010, the Pensions Regulator published revised criteria which must be met for admission on to its Independent Trustee Register. The conditions fall into two categories, fact-based and judgement based, and must be satisfied both at the application stage and on an ongoing basis.

Consultancy

Defined Contribution

The Pensions Minister disclosed on 27 May 2010 that a review of the scope of auto-enrolment and the delivery mechanism of NEST will take place over the summer. However, the Government clarified that it remains committed to auto-enrolment and "increased pension saving for all".

"I'd like to live as a poor man with lots of money"

Pablo Picasso

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



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