

## **Scheme Administration**

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### **Reporting and Controls**

Two industry wide groups, Raising Standards of Pensions Administration and Raising Standards of Trustee Education, are to work more closely together to promote their common ambition to raise standards of workplace pensions.

The new regulations and related Code of Practice on Internal Dispute Resolution Procedures are expected to come into force from 6 April 2008.

### **HM Revenue & Customs**

With effect from 6 April 2008, the lifetime allowance rises by £50,000 to £1.65m and the annual scheme contribution allowance increases by £10,000 to £235,000.

### **Calculation of Benefits**

On the 3 March 2008, the Pensions Regulator, the Pension Protection Fund and the Department for Work and Pensions jointly issued a consultation paper on the good practice approach to winding up pension schemes. The guidance aims to ensure that the key activities of winding up are completed within no more than two years.

The ability of members to take small lump sum benefits from occupational schemes was announced in the Chancellor's Budget on 12 March 2008. "Stranded pension pots" of value less than £2,000 can be paid as a lump sum without having to consider any pension benefit entitlement in other schemes.

### **Contributions**

With the reduction of basic rate tax to 20% with effect from 6 April 2008, basic rate taxpayers will only receive 20% tax relief on their pension contributions. To contribute £100 to the pension scheme, they will need to pay a net amount of £80, up from £78.

## **Actuarial**

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### **PPF Levies**

On 5 March 2008, the Chief Executive of the PPF announced that proposals will be issued later this year which will require schemes with greater proportions of volatile investments to pay higher levies, reflecting the greater risks that the PPF is exposed to.

Employers and trustees are reminded to take what action they can in the next two weeks to reduce the amount of PPF levies paid in 2008-09 and 2009-10. Section 179 valuations and contingent asset certificates are to be submitted by 31 March and deficit reduction and block transfer certificates are to be submitted by 7 April.

## Consultancy

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### The Pensions Regulator

An amendment to the Pensions Bill 2007 has been made to allow the Regulator to intervene if it believes the interests of pension scheme members are at risk. The Regulator will have the authority to appoint independent trustees where such action is “reasonable” rather than judged to be “necessary”.

On 22 February 2008, the Regulator published a consultation document on guidance relating to conflicts of interest. The draft guidance promotes good governance of pension schemes and encourages trustees to put in place a policy for managing conflicts of interest. The guidance focuses on five high level principles: understanding the importance of conflicts of interest, conflicts policy, identifying conflicts, evaluation or avoidance of conflicts and managing adviser conflicts.

### Legislation affecting Scheme Benefits

Regulations governing amendments to the existing provisions in the Employer Debt Regulations were introduced on 14 March 2008 and will come into force on 6 April 2008. The regulations will change the law relating to debts payable by employers under section 75 of the Pensions Act 1995 and include new arrangements for the apportionment of debt, new types of withdrawal arrangement and new transitional arrangements.

### Pensions Provision

On 21 February 2008, the Government rejected an amendment to the Pensions Bill 2007 to enable the introduction of risk sharing in defined benefit schemes. However, the Government said that it will be consulting on the issue of conditional indexation and risk sharing in June 2008.

The final report of the Thoresen Review of Generic Financial Advice was published on 3 March 2008. The report sets out a framework for a national information and guidance service for personal finance issues. The Money Guidance scheme is to be delivered by the Financial Services Authority and aims to provide free guidance for up to three quarters of a million people.

### Investments

On 6 March 2008, the National Association of Pension Funds (NAPF) launched an independent toolkit to help trustees assess the performance of investment consultancies. In addition, the NAPF has published a new guide entitled Investing in Commercial Property Made Simple.

*“To be alive at all involves some risk”*

**Harold Macmillan**

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



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