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**Scheme Administration****Benefit Calculations**

With effect from 6 April 2009, the Upper Earnings Limit (UEL) will be aligned with the higher rate tax threshold and, as a result, will be increased to £844 per week. Where a pension scheme uses the UEL in the calculation of members' benefits, the rules may need to be amended to avoid an unintended increase in the amount of these benefits.

With effect from 6 April 2009, the maximum increase rate of statutory revaluation changes from 5.0% to 2.5% per annum. This change will only impact on schemes that offer benefit accrual to active members beyond April 2009.

The Lifetime Allowance rises by £100,000 to £1,750,000 and the annual scheme contribution allowance increases by £10,000 to £245,000 with effect from 6 April 2009.

**Reporting and Controls**

On 12 March 2009, the Department for Work and Pensions (DWP) published a consultation on a review of the disclosure of information requirements for pension schemes. The proposals for reform aim to balance the need to reduce the administrative burdens of schemes with ensuring that members receive appropriate levels of information.

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**Actuarial****Pension Protection Fund**

Employers and trustees are reminded to take what action they can in the next two weeks to reduce the amount of PPF levies to be paid in 2009-10 and 2010-11. Contingent asset certificates must be submitted by 31 March and deficit reduction and block transfer certificates by 7 April in order to count for the 2009-10 levy. As the 2010-11 levy will be based on D&B failure scores at 31 March 2009, it is also important to check current D&B scores before that date.

The Chief Executive of the PPF has suggested that the PPF will allow companies to stagger or defer their levy payments if they are struggling to afford them. The levy is usually payable within 28 days of the invoice date, but in recognition of the difficult circumstances currently faced by many companies, the PPF is encouraging employers who are struggling to meet the payment terms to contact them to discuss possible deferral of payment.

The PPF compensation cap will increase at 1 April 2009 to £31,936.32, an increase of 3.5% from the current cap. This means that the maximum level of compensation available from the PPF at age 65, allowing for the 90% factor, will be £28,742.69 pa.

**Scheme Funding**

On 18 February 2009, the Pensions Regulator issued a statement to employers sponsoring final salary pension schemes about the impact of the current economic climate. The statement highlights that the Regulator recognises that current economic conditions are of real concern to employers,

but that the current scheme funding regime is flexible enough to cope with the economic downturn. The Regulator suggests that where a sponsoring company is under pressure there is potential to renegotiate previously agreed recovery plans. However, trustees should be in a position to understand what is reasonably affordable for their sponsor and all unsecured creditors must be treated equitably and the pension scheme not disadvantaged.

### **The Actuarial Profession**

On 5 March 2009, the Board for Actuarial Standards (BAS) published a draft of its proposed actuarial reporting standard. The aim of the proposed standard is to ensure that the users of actuarial information can rely on its relevance, transparency of assumptions, completeness and comprehensibility. This standard will be the first of the BAS's generic standards and will come into force in April 2010.

## **Consultancy**

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### **Investments**

On 12 March 2009, the National Association of Pension Funds (NAPF) published new guidance on responsible investment. The guidance updates the NAPF Corporate Social Responsibility guide to assist pension fund investors to develop responsible investing policies.

### **Legislation**

The European Court of Justice ruled on the Heyday test case on 5 March 2009, stating that national legislation on mandatory retirement ages may generally provide that this kind of 'difference of treatment on grounds of age is justified if it is a proportionate means to achieve a legitimate social policy objective related to employment policy'. The case will return to the High Court to decide if the 'retire at age 65' limit is justified in the UK.

### **Pensions Provision**

On 12 March 2009, the DWP published a consultation on the draft regulations applying to automatic enrolment of employees in a workplace pension scheme, currently scheduled to be effective from 2012. The consultation covers the practical arrangements for enrolment, postponement of automatic enrolment where appropriate, the information to be provided to employees and the arrangements for opting out of pensions saving.

## **Spring 2009 Pensions Seminars**

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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](http://www.tdcllp.com). The breakfast seminars are being held on the following dates: Tuesday 28 April (Edinburgh), Thursday 30 April (Aberdeen), Tuesday 5 May (Glasgow), Thursday 7 May (Inverness).

*"A bank is a place that will lend you money if you can prove that you don't need it"*

**Bob Hope**

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



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