

Scheme Administration

Benefit Calculations

The short term volatility in inflation rates was highlighted by the publication of the Retail Prices Index (RPI) rate for January 2010. The latest rate of 3.7% compares with 2.4% for December, 0.3% for November, -0.8% for October and -1.4% for September 2009.

The Lifetime Allowance rises by £50,000 to £1,800,000 and the annual scheme contribution allowance increases by £10,000 to £255,000 with effect from 6 April 2010. These limits will now be in force until 5 April 2016.

Data

On 18 February 2010, the Pensions Regulator published 'bite-sized' e-learning modules on record keeping. The 2 minute and 12 minute versions highlight the impact of missing or inaccurate data and accompany the Regulator's recently published guidance on record keeping.

Actuarial

Actuarial Profession

On 25 February 2010, the Board for Actuarial Standards (BAS) published its draft pensions standard. The new standard will ensure that pension scheme trustees can rely on the information supplied by their actuarial advisers. The standard places the onus on actuaries to check their data, use reasonable assumptions and explain the uncertainty around any figures.

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 2010-11 and 2011-12. Contingent asset certificates must be submitted by 31 March and deficit reduction certificates by 9 April in order to count for the 2010-11 levy. As the 2011-12 levy will be based on D&B failure scores at 31 March 2010, it is also important to check current D&B scores before that date.

The PPF compensation cap will remain unchanged from 1 April 2010 at £31,936.32. 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 per annum.

Governance

Legislation

HMRC has updated its Inheritance Tax Manual to clarify the interaction between inheritance tax and pensions since A-Day on 6 April 2006.

The following pensions related changes take effect from 6 April 2010:

The minimum age at which pension scheme members can access their benefits rises from 50 to 55.

The State Pension Age for females born after 6 April 1950 will increase gradually to 65 between 2010 and 2020.

To be entitled to a full Basic State Pension, you will need only 30 qualifying years of NI contributions.

The tax charge calculation on a refund of member's contributions for service less than 2 years is being altered.

Spring 2010 Seminars: 'Risk Reduction for Final Salary Pension Schemes'

Registration for Thomson Dickson Consulting's Spring 2010 seminars on Risk Reduction for Final Salary Pension Schemes is now available on our web site, www.tdcllp.com. With many employers looking to reduce or remove risk from their final salary schemes, this series of seminars will consider the different risk reduction exercises that are available, the extent of risk reduction possible and the funding improvements that can be achieved when these exercises are undertaken.

The breakfast seminars are being held on the following dates:

Inverness: Tuesday 20 April 2010, The Kingsmills Hotel
Edinburgh: Thursday 22 April 2010, The Radisson Blu Hotel
Aberdeen: Tuesday 27 April 2010, The Marcliffe Hotel & Spa
Glasgow: Thursday 29 April 2010, The Radisson Blu Hotel

"Risk comes from not knowing what you're doing"
Warren Buffet

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



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