

## **Scheme Administration**

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### **Benefit Calculations**

Regulations that allow occupational pension scheme members to take benefits valued below £2,000 as a trivial commutation lump sum were laid before parliament on 8 May 2009. The regulations are scheduled to come into effect in December 2009 and will apply to schemes with at least 50 members.

### **Pension Payroll**

On 11 May 2009, the Association of British Insurers (ABI) announced that the pension industry's 'Options' initiative has cut the time taken for annuity transfers between insurance companies, including those carried out under the open market option, to an average of just eight calendar days.

### **Reporting and Controls**

The Pensions Ombudsman published its 'Corporate and Business Plan for 2009 – 2012' on 7 May 2009. The Ombudsman highlighted that it currently has only a small backlog of complaints and disputes and it will continue to focus on efficient case handling over the next few years.

## **Actuarial**

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### **Scheme Funding**

The Pensions Regulator is holding free workshops throughout the UK this summer to reaffirm the approach to DB scheme funding in the economic downturn. The workshops are aimed at trustees and employers with defined benefit schemes and are designed to improve understanding of the issues surrounding funding in the current economic climate. The workshops will be held at the following locations:

- Edinburgh – 3 June
- Manchester – 8 June
- Nottingham – 17 June
- Bristol – 19 June
- London – 22 and 23 June

## **Consultancy**

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### **Defined Contribution**

On 28 April 2009, the Department for Work and Pensions (DWP) and the Personal Accounts Delivery Authority (PADA) jointly published a consultation on the draft scheme order and rules that are to apply to the operation of Personal Accounts from 2012. The consultation document outlines the main parameters of the scheme and includes details on eligibility requirements, member and employer participation and pension transfers.

On 7 May 2009, PADA published a discussion paper on the investment approach for the Personal Accounts scheme. The paper covers a range of key investment issues, including the objective and design of the default fund, the investment approach as members near retirement and the role of responsible investment within the scheme.

### **Legislation**

The Chancellor of the Exchequer announced, in his Budget on 22 April 2009, that tax relief on pension contributions will be tapered down for those earning over £150,000 from April 2011. 'Anti-forestalling' legislation will be introduced from 22 April 2009 to prevent high earners paying excessive contributions ahead of the April 2011 effective date. The Government will consult on how the new legislation will apply to defined benefit schemes.

### **The Pensions Regulator**

On 20 April 2009, the Pensions Regulator issued a statement entitled 'Alert in the economic downturn' to highlight that high standards of professionalism by those responsible for running and advising pension schemes are of critical importance in the current economic environment. The statement encourages those in statutory whistle-blowing roles, and others including scheme members, to bring to the Regulator's attention any matters that give cause for concern. Behaviours which unacceptably increase risks to members' benefits include avoidance of employer debt, employer-related self investment and poor practice associated with transfer incentive exercises.

The Regulator published the final version of its Code of Practice on the material detriment test on 5 May 2009. The new Code sets out where the Regulator expects to issue contribution notices on the basis of a sponsor's actions or failures having a materially detrimental effect on the likelihood of members receiving their benefits. The Code (and test) will come into effect in Summer 2009 and it will be the Regulator's 12<sup>th</sup> Code of Practice.

The Regulator published its 'Corporate Plan for 2009 to 2012' on 17 April 2009. The document highlights the Regulator's focus on continuing to improve the way it works in order to provide more efficient services. The key priorities for the next three years include improving governance and administration, reducing risks to DB and DC members and preparing for Personal Accounts in 2012.

*"Money is better than poverty, if only for financial reasons"*  
**Woody Allen**

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