
Scheme Administration

Benefit Calculations

In the year to March 2010, the RPI annual inflation was 4.4%, up from 3.7% in February 2010. The Government's target measure of inflation, CPI, was 3.4% in March 2010, up from 3.0% in February 2010.

Raising Standards of Pension Administration (RSPA), the industry body promoting high standards for pension scheme administration, announced it is to be relaunched and rebranded as the Pension Administration Standards Association (PASA). PASA will initially focus on establishing a baseline standard for good administration and developing guidance for administrators of DC pension plans.

Pension Payroll

Following the end of the 2009-10 tax year, payroll administrators are required to submit Pay As You Earn (PAYE) information to HMRC by 19 May 2010 and issue P60 forms to pensioner members by 31 May 2010.

Actuarial

Accounting for Pension Costs

On 28 April 2010, the International Accounting Standards Board (IASB) published a draft of proposed amendments to IAS 19, the accounting standard for employee benefits, including pensions. Through the amendments, the IASB aims to improve the recognition, presentation and disclosure of defined benefit pension plans in company accounts. The key changes proposed include the removal of the option to defer recognising gains and losses, no allowance for expected return on assets and administrative expenses to be capitalised and included in the value of liabilities. IASB intends to publish a final standard by mid-2011.

Actuarial Profession

On 16 April 2010, the Board for Actuarial Standards (BAS) published its technical actuarial standard on modelling. The document is part of the BAS project to develop new actuarial standards, and follows the issue in 2009 of standards for data and reporting actuarial information. The new standard aims to ensure that models used in actuarial work are fit for purpose and that any results and limitations are fully understood by users. The standard will take effect from April 2011.

Governance

Legislation

The new Conservative and Liberal Democrat coalition government has included the following pensions issues in their coalition agreement:

- the basic state pension will be re-linked to earnings from April 2011, with a minimum increase of 2.5% per annum
- the state pension age will rise to 66, no sooner than 2016 for men and 2020 for women
- the default retirement age will be phased out
- the requirement for compulsory annuitisation at age 75 will be abolished
- an independent commission will be established to review the long term affordability of public sector pensions
- the recommendation of the Parliamentary and Health Ombudsman to make fair and transparent payments to Equitable Life policyholders will be implemented.

Iain Duncan Smith is the new Secretary of State for Work and Pensions and Steve Webb is the new Minister for Pensions and the Ageing Society.

On 22 April 2010, the Equality Act received Royal Assent and is expected to come into force on 1 October 2010, but subject to possible delay by the new Government. In the context of pension schemes, the Act prohibits occupational pension schemes from discriminating against, harassing or victimising a member or prospective scheme member on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The age and sex discrimination exemptions currently applying to pension schemes are expected to be allowed to continue and set out under secondary legislation.

Consultancy

Defined Contribution

On 20 April 2010, the FTSE Group and PensionDCisions launched benchmark indices for multi-asset defined contribution pension schemes. The FTSE PensionDCisions DC Index Series reflects the asset allocation decisions made by DC pension plans in their default investment strategies. Three benchmark indices are currently available, namely the Growth Index, the De-risking Index and the At Retirement Index.

"By the time I have money to burn, my fire will have burnt out"

Anonymous

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



Thomson Dickson Consulting LLP

45 West Nile Street, Glasgow, G1 2PT | t: 0141 285 1585 | f: 0141 285 1586 | enquiry@tdcllp.com | www.tdcllp.com