

## **Scheme Administration**

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### **Benefit Calculations**

On 16 May 2011 HM Treasury published the Equitable Life Payment Scheme document, setting out details of how the Government scheme to make payments to Equitable Life policyholders will work. The document includes information on the Scheme's administration and timetable and the methodology behind loss and payment calculations. The Scheme is intending to make the first payments before the end of June 2011.

## **Actuarial**

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### **Pension Protection Fund**

The PPF has announced that it is raising a Fraud Compensation Levy for 2011-12 of 25p per member for occupational pension schemes, up from 23p per member in 2010-11, the first year for this type of levy. The Fraud Compensation Levy is included on the invoice for the PPF's administration levy and the Regulator's general levy, currently being issued to scheme trustees.

On 16 May 2011 the PPF announced details of its new pension protection levy framework which will take effect from 2012/13. The key features of the new framework will include fixing the levy rules for three years, using average funding levels to remove short term volatility, reflecting investment risk in the levy calculation and applying a system of 10 insolvency rating bands (rather than the 100 insolvency ratings used currently).

## **Governance**

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### **Scheme Reporting**

On 21 April 2011 the Pensions Regulator published its corporate plan setting out its priorities for the next three years. The five strategic themes in the plan are improving governance and administration, reducing risks to DB members, reducing risks to DC members, preparing for 2012 and better regulation.

### **Legislation**

On 19 April 2011 HM Treasury published its response to the call for evidence on early access to pension savings, concluding that early access should not be considered at the present time. The Government believes there is limited evidence that allowing early access would have a positive effect on overall pension contribution levels. Further, the workplace pension reforms planned for 2012, including auto-enrolment, should be implemented before further reform is considered. However, the Government will explore innovative models to encourage retirement savings and reform of trivial commutation rules to improve flexibility for those with small levels of pension savings.

## Consultancy

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### Defined Contribution

On 27 April 2011 the Pensions Regulator published a guide for employers which explains the workplace pension reforms taking place from 2012. The brief guide includes information on when the changes are happening and the steps employers will need to take to prepare, including the duty to automatically enrol eligible employees, contribute to a scheme and provide information to employees about the changes. A key initial task for all employers is to determine their “staging date”, the date from which the new duties will first apply.

The Board for Actuarial Standards (BAS) has published a proposed new draft of their technical note for Statutory Money Purchase Illustrations (SMPs), setting out assumptions to be used in statutory pension illustrations. BAS is proposing to update the mortality assumptions to reflect increased longevity and is also consulting on whether the maximum rate at which funds can be assumed to accumulate should be lowered from the current rate of 7% per annum.

## Spring 2011 Pensions Seminars

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Final registration for Thomson Dickson Consulting’s Spring 2011 seminars on current pensions issues is still available on our web site, [www.tdcllp.com](http://www.tdcllp.com). The breakfast seminars, focusing on the key administration, actuarial and governance aspects to be managed by closed defined benefit pension schemes, are being held on the following dates:

Edinburgh: Tuesday 17 May 2011, Hotel Missoni  
Glasgow: Thursday 19 May 2011, Blythswood Square Hotel  
Inverness: Tuesday 24 May 2011, Glenmoriston Town House Hotel  
Aberdeen: Thursday 26 May 2011, Marcliffe Hotel & Spa

*“In the old days a man who saved money was a miser; nowadays he's a wonder”*  
**Anonymous**

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