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THE NEWSLETTER OF THE SOCIETY OF PENSION CONSULTANTS

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SPC Conference 2013

SPC's 2013 Conference takes place on November 18th at the Sofitel, Saint James, London SW1. Registration starts at 0815 and the event ends at 1330 following drinks and canapés.

The theme is Pension Storm Clouds: But are there Silver Linings for the Silver Generation?

The attendance fee is £250 + VAT.

In response to Members' wishes we will now additionally be covering the OFT Report "Defined Contribution Workplace Market Study".

The speakers and panellists are: Lord Hutton of Furness (House of Lords), Otto Thoresen (Association of British Insurers), Dr. Debbie Harrison (Cass Business School), Mike Turner (Aberdeen Asset Management), Eric Chaney (AXA Group), Kathryn Hopkins (The Times), Paul Craven (Goldman Sachs), Mark Wood (JLT Employee Benefits), Jeremy Stone (NM Rothschild and Chair of Trustees at WHSmith Pension Fund), Jonathan Stapleton (Professional Pensions) and Olivier Lebleu (Old Mutual Asset Management).

We have reformatted this year's Conference, also in response to Members' wishes, to provide an event of continuing very high quality and topicality, at outstanding value for money and with CPD relevance, but which leaves a large part of the day free for other business.

For the full programme and a booking form, please CLICK HERE.

SPC London Evening Meetings

Details of forthcoming SPC London evening meetings are:

Date	Speaker(s)	Subject	Venue	Time
26 November 2013	John Redwood (Chairman of the Investment Committee, Evercore Pan-Asset Capital Management Ltd)	The Economics of the Eurozone and the Global Recovery	Allen & Overy, One Bishops Square, London E1 6AD	5.00 pm for 5.30 pm
12 December 2013	Rona Train (Hymans Robertson LLP)	Making DC Work (tbc)	TBC	5.00 pm for 5.30 pm

The handout for the London evening meeting held on October 24th is now available.

For a copy, please click on the name of the speaker.

Date	Speakers	Subject
24 October 2013	Margaret Snowdon (JLT Employee Benefits)	Experience on Pension Incentive Exercises Since The Code

SPC Scottish Meetings

The current programme is as follows:-

Date	Speaker(s)	Subject	Venue	Time
29 November 2013	Ray Martin (Royal Bank of Scotland)	Defined Ambition	Glasgow, venue TBC	0830 for 0900
14 January 2013	Charles Livingston (Brodies)	Scottish Independence	Edinburgh, venue TBC	0830 for 0900
February, date TBC	TBC	TBC	Glasgow, venue TBC	0830 for 0900
11 March 2014	Malcolm McLean (Barnett Waddingham)	TBC	Edinburgh, venue TBC	0830 for 0900

A buffet breakfast is provided for all meetings. For further information, please contact Liz Hinchliffe (Liz.Hinchliffe@aegon.co.uk)

SPC Northwest Meetings

The schedule of events, all taking place in Manchester, is currently as follows:

Date	Speakers	Venue
26 November 2013	Representative from the Pensions Regulator	DLA
28 January 2014	Margaret Snowdon (JLT Employee Benefits)	Eversheds
30 January 2014	Social: Musical Quiz	TBC
25 February 2014	John Redwood (Chairman of the Investment Committee, Evercore Pan-Asset Capital Management (TBC)	DLA
25 March 2014	Julia Delaney (Bridge Trustees) (TBC) or 29/4	Eversheds
29 April 2014	To be arranged	Mercer

All meetings are preceded by breakfast at 0830 and start at 0845 except that on January 30th, which starts at 18.00.

For further details, please contact Alison McClellan (Alison.McClellan@mercer.com)

Who's writing about SPC?

CLICK HERE for the latest summary of SPC press coverage, presented to the SPC Public Relations Committee.

SPC Contacts

- SPC was represented at the "summit" on September 12th 2013 on Pension "Liberation" Fraud, hosted by the Pensions Regulator, and attended by the lending pension bodies, pensions regulatory bodies and the police agencies.
- Roger Mattingly, the SPC President, represented SPC at the Pensions Regulator's Stakeholder Advisory Panel meeting on September 10th. The Regulator provided an update on the development of a revised defined benefit funding code and on its approach to its new growth objective. There was also an update on key concerns in the defined contribution market (master trusts, administration and decumulation).

  On auto-enrolment, there was an update on implementation to date and discussion of a possible advice and support gap in the April to July 2014 staging period.
- The President chaired the first meeting of the Incentive Exercises Forum on September 19th. The Forum brought together all involved in Incentive Exercises, to provide an update on the activities of the Board monitoring the Code of Good Practice on Incentive Exercises for Pensions and to discuss and exchange views on, and experiences of, the practical application of the Code.
- Members of the SPC Defined Contribution Committee have met DWP for discussions in advance of DWP's formal consultation on charging.

  Among the topics covered were the use of annual management charges and total expense ratios, active member discounts and possible charging caps on default funds.
- The SPC Financial Services Regulation Sub-Committee has had an introductory meeting with Nick Poyntz-Wright, recently confirmed as Director, Long-Term Savings and Pensions, at FCA.

HMRC acts to reduce the incidence of Pension Liberation Fraud

This article is derived from Mercer Select, Mercer's subscriber service offering news and analysis of UK pension developments on-line and by email. For further information please CLICK HERE. This article was correct on October 22nd 2013, and was written by Teresa Preece of Mercer's UK Retirement Resource Group

On 21st October, HMRC announced changes in procedure aimed at reducing the incidence of so-called pension liberation. Trustees are now able to review their administration processes to minimise cases of unauthorised transfers being made.

Details of the HMRC announcement are as follows:

With immediate effect, HMRC's scheme registration process has been made more robust. A scheme making an application to be registered as a new scheme will no longer be treated as registered automatically.

HMRC will instead be reviewing the application and may ask further questions or request additional information before deciding if the scheme can be registered.

Although this has been designed to minimise pension liberation, there might be unintended consequences for legitimate schemes. This is because, for so long as the scheme has not been formally registered, any contributions made to the scheme will not qualify for tax relief and any transfers from another scheme will be unauthorised.

In the case of transfers, HMRC has revised the process for responding to requests for confirmation of the registration status of the scheme to which the individual wishes to transfer. HMRC will now respond to such requests without seeking consent from the scheme in question.

HMRC will only provide confirmation of registered status where the receiving scheme is registered and the information held by HMRC does not indicate a significant risk that the scheme has been set up (or is being used) for pension liberation. HMRC has provided examples of issues that might cause it concern at http://www.hmrc.gov.uk/pensionschemes/transfersa.htm.

Otherwise, the response will set out the conditions for registered status (as set out immediately above) and explain that one or both of the conditions are not satisfied.

Unfortunately, HMRC have warned that it may take several months to respond to requests for confirmation of the registration status of any scheme. Trustees will therefore need to bear in mind the statutory requirements around the processing of cash equivalent transfer requests, including asking the Pension Regulator for an extension of the time available to carry out the member's wishes.

PPF Levy Process

Following discussion in the SPC Actuarial Committee, we have raised a number of matters with PPF.

The Committee considers that the Levy process is now well established and runs smoothly. The following are suggested improvements in the light of experience last year.

- The Committee would like to encourage PPF to publish any proposed update to guidance on Type A contingent assets as early as possible – ideally with the Draft Levy Determination. These assets have complex features which can take a considerable time to implement or amend. The earlier draft guidance is available, the more thoroughly schemes can assess if changes to their contingent assets are required/appropriate.
- The Committee felt it would be helpful to have some additional clarification regarding the classification of certain investments on the Exchange system. We appreciate that Exchange is the Pensions Regulator's data system, but feel additional guidance on the classification of certain investments (such as Diversified Growth Funds) would ensure a more consistent set of submissions between schemes. It would also be helpful if a materiality limit (such as 1% of the total fund value) could be placed on each individual categorisation.
- With reference to the calculation of Deficit Reduction Contributions, there remains some uncertainty with regard to the treatment of investment expenses, which could lead to different approaches being taken. The Committee feels that it would be helpful to provide further guidance on how the investment expenses should be treated in the context of Deficit Reduction Contribution calculations, or to seek alternative ways of taking account of these expenses in the levy mechanism.
- In the light of the announcement that Experian will be succeeding D&B as provider of PPF failure scores, the Committee is among the presumably many bodies looking forward to learning what this change might mean in terms of methodology in this area, particularly if there will be transition between the scores occurring during the levy year.

PPF's response is available CLICK HERE.

SPC responds to DWP call for evidence: Triennial Review of Pension Bodies

We have responded to DWP's call for evidence on its Triennial Review of Pension Bodies

For a copy of our response, please CLICK HERE.

The call for evidence is available CLICK HERE.

Pension Schemes with overseas sponsors – lack of PPF protection

We have written to the Pensions Minister, regarding the implications, for members of defined benefit occupational pension schemes, of the Court of Appeal's decision in *The Trustees of the Olympic Airlines S.A. Pension & Life Insurance Scheme v Olympic Airlines S.A.*

The court held that a UK occupational pension scheme, sponsored by a company with its centre of main interest outside the UK, which had become subject to an insolvency process under the laws of another EU state and subsequently ceased to have an establishment in the UK, is ineligible for PPF entry. This is because under UK and EU insolvency laws, it is not possible to apply a UK insolvency process to the scheme's sponsoring employer and therefore trigger a qualifying insolvency event (under section 127 of the Pensions Act 2004), necessary for PPF entry. We understand that there are likely to be a material number of schemes which are, or could be, in the same position as the Olympic Airlines scheme and whose members would be ineligible for PPF protection.

We consider that the effect of the Olympic Airlines judgment is to highlight something which has the appearance of a technical loophole in the PPF entry legislation. We asked the Minister to consider amending the PPF entry legislation to ensure that all schemes, which are required to pay PPF levies, are eligible for PPF entry, whether the scheme's employers become subject to a UK insolvency process or a non-UK process. We believe that such a change would have a number of advantages. It would be fair to both members and employers who have assumed that payment of the PPF levy confers PPF protection. It would retain confidence in the PPF as an effective safety net. It would also avoid any challenge that the UK is not complying with its obligations under EU legislation requiring member states to provide protection for pension scheme members' benefits in the event of an employer insolvency. We also believe that, as affected schemes will already be submitting valuations for the purposes of the PPF setting its risk based levy and paying such levies, amending the legislation to ensure the schemes are eligible for PPF entry should not have any impact on the PPF.

We indicated our willingness to engage further with the DWP on a more technical basis concerning our proposed change.

SPC responds to IFRS Exposure Draft ED2013/2014: Defined Benefit Plans - Employee Contributions: Proposed Amendments to IAS19

SPC submitted a brief response to the IFRS Exposure Draft ED/2013/4: Defined Benefit Plans – Employee Contributions: Proposed Amendments to IAS 19.

For a copy, please CLICK HERE.

The exposure draft is available CLICK HERE.

About SPC

SPC is the representative body for the providers of advice and services needed to establish and operate occupational and personal pension schemes and related benefit provision. Our Members include accounting firms, solicitors, life offices, investment houses, investment performance measurers, consultants and actuaries, independent trustees and external pension administrators. Slightly more than half the Members are consultants and actuaries. SPC is the only body to focus on the whole range of pension related functions across the whole range of non-State provision, through such a wide spread of providers of advice and services. We have no remit to represent any particular type of provision.

The overwhelming majority of the 500 largest UK pension funds use the services of one or more of SPC's Members. Many thousands of individuals and smaller funds also do so. SPC's growing membership collectively employ some 15,000 people providing pension-related advice and services.

SPC's fundamental aims are:

(a) to draw upon the knowledge and experience of Members, so as to contribute to legislation and other general developments affecting pensions and related benefits, and

(b) to provide Members with services useful to their business.

THE SOCIETY OF PENSION CONSULTANTS

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