

# News on Pensions

OCTOBER 2016

## PPF News

### 2017 /18 Levies

The Pension Protection Fund (PPF) has published its annual [consultation](#) setting out how 2017/18 PPF levies will be calculated and, as expected (with this being the last year of the second levy 'triennium') the PPF is not proposing to make significant changes to the levy calculation methodology.

The PPF is however proposing a mechanism whereby employers can notify Experian where the move to new UK accounting standard FRS 102 would "otherwise cause an artificial movement in their [Experian] rating". For further information on this and other changes, see our blog post: [Review: PPF propose changes to the levy rules](#). The total levy that the PPF expects to collect in 2017/18 will remain unchanged from 2016/17 at £615 million.

### Consultations

The PPF is also consulting on two other matters:

1. The first, on changes to [Section 143 \(s143\) and Section 179 \(s179\) actuarial assumptions](#) (with consequential changes for s152, s156 and s158 valuations) will largely be of interest to actuaries.
2. The second is a [joint consultation with the Department for Work and Pensions \(DWP\)](#). The PPF and DWP are consulting on legislative changes required in order that the increased compensation cap for members with over 20 years' service can be implemented. (See [News on Pensions: June 2014](#)).

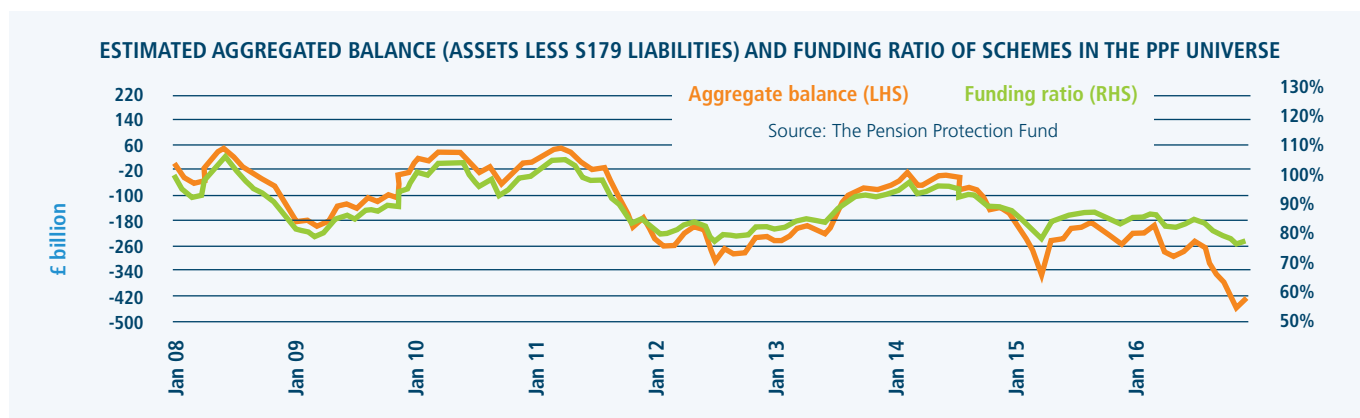
### New actuarial factors abandoned

The PPF [has announced](#) that they have decided not to introduce new actuarial factors (previously announced in its [Technical News bulletin](#)) from 1 October 2016. The PPF has said that the proposed factors were no longer actuarially neutral, and "the factors currently in place are a much better reflection of current market circumstances".

### PPF 7800 Index

In the latest [PPF 7800 index](#) update, the PPF estimates that, on the 'Section 179' (s179) basis the aggregate deficit of UK pension schemes increased from £376.8 billion\* to £419.7 billion between 31 July 2016 and 30 September 2016. The overall funding ratio reduced from 79.2% to 77.5%.

\* Adjusted from £408.0 billion shown in previous updates



## TPR: Bernard Matthews Pension Fund

The Pensions Regulator (TPR) has [responded](#) to a [letter](#) from MP Frank Field regarding the Bernard Matthews Pension Fund, in which Mr Field raised a number of questions about the use of pre-pack administrations (where the business and assets of a company are immediately transferred to new ownership, effectively free of the liabilities of the old company including the DB pension scheme).

TPR explained that, since being informed of the possibility of a pre-pack administration by the scheme's trustees, they have been actively engaging with the trustees, and has since been considering whether the use of any of their powers may become appropriate given the circumstances.

As part of their response, TPR also revealed that this is not the Regulator's first interaction with the Bernard Matthews trustees - as well as discussing both the 2007 and 2010 actuarial valuations, TPR was involved with the scheme in 2013 when a significant investment was made in the company by a private equity firm.

TPR's response reiterated that, although all insolvency events must be notified, there is no legal requirement for the PPF, TPR or scheme trustees to be informed of an impending pre-pack administration. It noted that there are fewer than 10 cases each year of pre-pack arrangements where the pension scheme ends up in the PPF, out of more than 800 schemes which have transferred to the PPF since 2005.

The Regulator's response highlights its initial thoughts on areas where regulations could be strengthened. In particular making it a mandatory requirement to seek clearance from TPR where "support for the scheme is weakened through corporate activity".

## Other News

### DC schemes: pensions dashboard

Her Majesty's Treasury and 11 of the largest pension providers have finalised an agreement for a [pensions dashboard](#) to be overseen by the Association of British Insurers (ABI). The online portal will allow members to view their DC pension pots in one place, enabling them to make the best choices. The prototype dashboard is expected to be ready by March 2017.

### HM Treasury LISA technical note

Following discussion with the industry Her Majesty's Treasury has published a [technical note](#) setting out the final design of the Lifetime ISA (LISA). The document considers discussions with potential providers since the 2016 Budget and supplements the high-level design of LISA which was [published](#) earlier this year.

### Autumn Statement

The new Chancellor of the Exchequer, Philip Hammond, has announced that his first [Autumn Statement](#) to Parliament will be on 23 November 2016.

### DWP: transfers consultations

The DWP is [consulting](#) on whether current advice requirements should be simplified for overseas transfers and if an alternative safeguard could be made that would provide a similar degree of protection.

The consultation comes in light of concerns that the current requirements can cause difficulties for members who are resident overseas and who want to transfer their pensions to an overseas scheme.

The DWP has also [published](#) a consultation on simplifying the process for determining how hybrid Defined Benefit (DB) / Defined Contribution (DC) arrangements should be valued for the purposes of determining whether financial advice is needed before transferring.

This consultation principally affects insurance policies with Guaranteed Annuity Rates (GARs), however it also has an impact on DC schemes with DB underpins.

### ONS: occupational schemes survey 2015

The ONS has published the results of its [Occupational Pension Schemes survey 2015](#).

The survey showed that total membership of occupational pension schemes was 33.5 million during 2015, which represents an increase of 10% over 2014 and the highest recorded to date. Of these, 11.1 million were active members - roughly equally split between the public and private sector arrangements.

The report acknowledges that the results will have been influenced by the recent reforms to workplace pensions.

## Further information

You may find the following recent blog posts and information sheets interesting:

- [Dividend block – a post-Brexit vote reality?](#)
- [PPF levy – third triennium proposals](#)
- [VAT on pension costs - part 4: inscrutable force meets immovable deadline](#)
- [HMRC announce end to new Scheme Reconciliation Service requests](#)
- [Buy-outs and buy-ins - Autumn 2016](#)
- [Slower start for bulk annuities in 2016](#)

## Forthcoming Events

### Trustee training

Barnett Waddingham's one day courses are designed to give trustees a thorough grounding in pensions matters and the confidence to complete TPR's trustee toolkit. Further information regarding our 2017 trustee training programme will be published shortly. In the meantime, you may wish to add one or more of these dates to your calendar:

- \*NEW DATE\* Bromsgrove - 1 November 2016 [REGISTER >](#)
- 8 June 2017 - Leeds [REGISTER >](#)
- 9 March 2017 - London [REGISTER >](#)
- 14 September 2017 - London [REGISTER >](#)

### DC training

Whether you are a newly appointed trustee, pensions manager or member of a Pension Management Committee (PMC) or you already have some experience in these roles, our DC training is your first port of call to prepare for robust scheme management.

- 8 March 2017 - London [REGISTER >](#)
- 7 June 2017 - Leeds [REGISTER >](#)
- 13 September 2017 - London [REGISTER >](#)

### Seminar: a practical guide to Integrated Risk Management

During this seminar, our experts will share their insights on the pragmatic application of Integrated Risk Management and how this can benefit your scheme.

- London - 1 November [REGISTER >](#)
- Birmingham - 9 November [REGISTER >](#)
- Liverpool - 4 November [REGISTER >](#)
- Cheltenham - 10 November [REGISTER >](#)
- Leeds - 8 November [REGISTER >](#)

### Seminar: the 'post-Brexit' pensions landscape

During this seminar our experts will discuss the extent to which the pensions landscape has been affected in the new 'post-Osborne' world and the tax changes and planning opportunities that may impact clients. [REGISTER >](#)

For more information about our events, visit our [website >](#)

Please contact your Barnett Waddingham consultant if you would like to discuss any of the above topics in more detail. Alternatively contact us via the following:

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