Sackers extra

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### Abbreviations commonly used in 7 Days

**Alert/News:** Sackers Extra publications (available from the client area of our website or from your usual contact)
**DB:** Defined benefit
**DC:** Defined contribution
**DWP**: Department for Work and Pensions
**FAS:** Financial Assistance Scheme
**HMRC:** HM Revenue & Customs
**PPF:** Pension Protection Fund
**TPR:** The Pensions Regulator

# LEGISLATION

### Finance Bill 2010

In the wake of the Budget on 24 March 2010, the Finance Bill 2010 was published on 1 April 2010, having been introduced to the House of Commons on 30 March 2010.

The Bill includes provisions (originally announced in the 2009 Budget) for restricting tax relief on pension contributions for individuals earning £150,000 and over (including employer pension contributions), subject to a pre-tax income floor of £130,000. These are contained in Clause 24 and Schedule 3 to the Bill.

In addition, Clause 49 amends Schedule 35 to the Finance Act 2009, to extend the "anti-forestalling" measures to individuals earning £130,000 or more from 9 December 2009 (the date of the Pre-Budget Report).

HMRC has published draft technical guidance which explains key elements of the high income excess relief charge and how the restriction will be applied. Once finalised, the guidance will be incorporated into the technical pages of the Registered Pension Schemes Manual.

For more information on recent developments on this subject, please see our Alert: Scant relief for pensions in Darling's pre-Election Budget (dated 25 March 2010).

### The Pensions Act 2008 (Commencement No. 7 and Saving, Consequential and Incidental Provisions) Order 2010

This Order (made on 31 March 2010) brings into force sections 124(2) and (6) of the Pensions Act 2008, making amendments to the definition of "qualifying member" for FAS purposes. It also makes consequential amendments to a number of regulations governing the FAS.

### The Financial Assistance Scheme (Miscellaneous Amendments) Regulations 2010

These Regulations complete the series of improvements to the FAS which were first announced by the Government in December 2007. In particular, they allow part of the funding of an enhanced level of FAS payments to be achieved through the transfer of pension scheme assets to government, and for the FAS to make payments to those pension scheme members whose assets are taken over by government and who would otherwise have been paid solely by their pension schemes.

The Regulations came into force on 2 April 2010. Further information can be found in the Explanatory Memorandum which accompanies the Regulations.

# BOARD FOR ACTUARIAL STANDARDS

### Response to consultation on actuarial information for accounts

In October 2009, the Board for Actuarial Standards (BAS) published a consultation on proposals for a technical actuarial standard on the actuarial information used for accounts and other financial documents. (For more information on this consultation, please refer to 7 Days dated 2 November 2009.)

Having considered the responses received to the consultation, BAS has announced that it will not to proceed with this standard. However, some of the work considered in the consultation paper will be covered by the actuarial standards on insurance and pensions.

BAS Press Release

# DEPARTMENT FOR WORK AND PENSIONS

### Pension compensation on divorce under the PPF: Consultation on draft regulations

The DWP has published a consultation on draft regulations for the provision of pension compensation on divorce, in relation to members of schemes for which the PPF assumes responsibility.

The DWP is seeking views on two sets of draft Regulations:

- the draft Pension Protection Fund (Pension Compensation Sharing on Divorce etc) Regulations 2010; and
- the draft Pension Protection Fund (Pensions on Divorce etc: Charges) Regulations 2010.

The Pensions Act 2008 and the first set of draft regulations are designed to enable pension compensation provided by the PPF to be shared when a person seeks a divorce, a dissolution of their civil partnership or an annulment of their marriage or civil partnership, thereby enabling the former spouse or civil partner of a person who is a member of the PPF to receive a share of that person's pension compensation.

The second set of draft regulations cover the situation where a pension sharing order or an attachment/earmarking order was made before the PPF assumed responsibility of the scheme, but was not implemented by the scheme.

The consultation closes on 22 June 2010.

### DWP publishes information on risk sharing

Following its consultation on risk sharing in private pensions which took place during the summer of 2008 (for more information see our Alert: Risk Sharing – The Government Consults (dated 11 June 2008), the Government made a commitment to publicise the risk sharing options which are available under current legislation.

The DWP has now published an information note which sets out some of the options and uses a number of case studies from employers to show how schemes have used them. The DWP's objective in producing this note is "to provide information to employers considering making changes to their defined benefit (DB) scheme - with the aim of enabling them to consider a wide range of options."

The publication of this note follows the Government's announcement in the recent Budget, that it intends "to explore further facilitation of risk sharing between employers and employees, in both defined benefit and defined contribution pension schemes".

### Online application for State Pensions

The DWP has announced a new service, which is intended to increase accessibility to the State Pension for those approaching retirement, by making the application process available online from summer 2010.

The DWP is currently testing State Pension Online (SPOL) with individuals who are about to retire. They will be able to enter their details via a secure website rather than having to make their claim over the phone. A similar online service already operates for Jobseekers Allowance.

DWP Press Release

## HM REVENUE & CUSTOMS

### HMRC publishes revised CA17 and new forms

HMRC has published the following:

- a revised version of CA17 "Employee's Guide to Minimum Contributions";
- Form APSS146: Registered Pension Scheme Registration for Income Tax Repayments (to be used to apply for repayment of Income Tax that has been deducted from the investment income of a registered pension scheme, or to advise HMRC of any changes to the scheme bank account or legal owner details);
- Form APSS146A: Registered Pension Scheme Repayments Third Party Authority (to be used to nominate a third party to apply for repayment on behalf of the trustees as legal owner of the scheme asset); and
- Form APSS146B: Registered Pension Scheme Repayments Specimen Signatures (for use where a third party has applied for repayment of tax deducted from investment income, so that the third party can provide to HMRC the names and signatures of the people within its organisation who are authorised to make these applications).

### Money laundering: penalties for failure to register with HMRC

Occupational pension scheme trustees (both individual trustees and directors and secretaries of trustee companies) are generally excluded from the need to register with HMRC under anti-money laundering legislation. This is because one of the exclusions from registration specifically recognises that occupational pension schemes are a low risk area. Therefore, most pension scheme trustees are not caught.

However, for those who are caught, the latest HMRC Update explains that a new late registration penalties policy has been introduced for entities, including Trust or Company Service Providers (TCSPs), which fail to register as required under the Money Laundering Regulations. Businesses which are required to register but which fail to do so, will be liable to a fixed penalty and any unpaid fees.

For more information on the requirements for TCSPs, please see our Alert: Anti-Money Laundering - HMRC U-Turn (dated 31 July 2008).

# PENSION PROTECTION FUND

### The PPF recruits seven Private Equity Secondary Managers

The PPF has recruited seven Private Equity Secondary Managers to a panel for potential future investment.

Goldman Sachs, Hamilton Lane, Lexington Partners, LGT Capital, Partners Group, Pantheon Ventures and RREEF have been appointed to the PPF panel. It is intended that the appointment of these managers will allow the PPF flexibility to take advantage of secondary market opportunities as they arise.

The recruitment of these managers comes as part of the PPF's new Statement of Investment Principles announced earlier this month (reported in 7 Days on 15 March 2010).

PPF Press Release

# THE PENSIONS REGULATOR

### TPR Corporate Plan for 2010-13

TPR has published its latest Corporate and Business Plan, for the period 2010-13.

TPR notes that the document "details The Pension Regulator's plans to help the industry prepare for the impact of workplace pension reforms, and set out [its] continuing focus on the issues that are most critical of the protection of the current members of occupational pension schemes."

TPR states that during the next three years it will:

- "Continue to emphasise to trustees the importance of setting prudent funding targets and agreeing with employers that any resulting deficit is filled as quickly as possible.
- "Support employers to get to grips with their new duties to auto-enrol staff into workplace pension schemes, and the regulator will design and build an effective compliance regime.
- "Focus on standards of delivery of DC schemes - looking to trustees and providers to ensure they are effectively run and suited to members' needs.
- Improve standards of administration across the industry.
- Continue to raise standards of governance by trustees, ensuring governance of DC issues receives appropriate attention.
- Continue to monitor transfers of pensions risk away from employers to ensure that, where such practices occur, members' benefits are protected.
- With an increasing workload and in an environment of constrained public expenditure, continue to direct its resources in the areas of greatest risk to members, educate and enable the industry to respond, and reduce the risk of calls on the Pension Protection Fund (PPF)."

TPR also notes that in anticipation of its new duties which will come into effect with the 2012 workplace pension reforms, it has overhauled the design and content of its website and launched new information for employers to help them get ready for the changes ahead.

TPR Press Release