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Abbreviations commonly used in 7 Days

DC:	Defined contribution	PPF:	Pension Protection Fund
DWP:	Department for Work and Pensions	TPAS:	The Pensions Advisory Service
NEST:	National Employment Savings Trust	TPR:	The Pensions Regulator

LEGISLATION**The Pension Protection Fund and Occupational Pension Schemes (Miscellaneous Amendments) Regulations 2010**

In October 2009, the DWP consulted on draft regulations relating to the Government's proposals to amend the PPF entry rules and other rules which apply to those schemes with a partial Crown guarantee.¹

The consultation closed on 12 December 2009 and the final regulations have been laid before Parliament today (8 February 2010).

The regulations are designed to implement the European Commission's decision of 11 February 2009, that the partial exemption of the BT Pension Scheme from payment of a levy to the PPF, arising from the Crown guarantee, constituted an incompatible state aid.

The regulations therefore remove the partial exemption from payment of the PPF levy and also enable schemes with a full Crown guarantee to become "eligible schemes", where retaining these provisions would give rise to incompatible state aid.

However, as a result of the consultation, the draft regulations were changed so that instead of a partially guaranteed scheme being treated as one eligible scheme, such schemes are treated as two separate eligible schemes for the PPF so that, in the event of an employer insolvency, the benefit of a Crown Guarantee would only be applied in respect of the part of the scheme it covered.

The regulations will come into force on 8 March 2010.

Further information can be found in the explanatory memorandum which accompanies the regulations.

DEPARTMENT FOR WORK AND PENSIONS**Building a society for all ages: Consultation response**

Back in July 2009, the DWP published a consultation, "Building a society for all ages", in which it set out the Government's strategy and proposals for "initial practical steps to begin to meet the challenges and opportunities of our ageing society".² This consultation covered a wide range of issues relating to DWP's vision for encouraging people to "plan for, and stay active and involved in their later lives". It was in this consultation that the DWP announced that it would bring forward its planned review of the so-called default retirement age of 65 from 2011 to 2010.

¹For more information, see 7 Days dated 19 October 2009

²For more information, see 7 Days dated 20 July 2009

The DWP has now published its [response](#), summarising the views put forward during the consultation process as well as details of general developments in this area since the strategy was published. For example, it includes updates on Government projects for:

- providing additional (and clearer) information about options for working longer, including additional training for, and widening access to the workplace for the over 50s; and
- ensuring that support for those who need it is adequate and appropriately targeted, such as increases to some state benefits, and schemes such as the “Partnerships for Older People Projects” which makes available a range of support for older citizens.

In terms of the future of the default retirement age, the DWP’s call for evidence closed on 1 February 2010. In the present consultation response, the DWP notes that it “will be making an announcement on the outcome of the review in due course”.

Workplace Pension Reforms: Research Summary

The DWP has published [Research Report No. 636](#), a summary of qualitative research carried out with small and medium-sized companies in connection with the DWP’s recent consultation on “Workplace Pension Reform - Completing the Picture” (the response to which was published on 12 January 2010³). The research focussed on employers with 500 employees or fewer (on the basis that “small employers are often less engaged with the issue of pension provision and pension reform than larger employers”), and on the potential impact that draft the regulations contained in that consultation would have on their businesses.

Among the findings of the research, the report notes that:

- very small employers with no current pension provision were concerned about the perceived cost of providing pensions, and reported a lack of appetite for a pension among employees;
- awareness of the reforms differed among employers, but generally the larger the employer, the higher their level of awareness and knowledge of the broad principles of the reforms;
- many employers recognised that there is a “pensions crisis” that needs to be addressed. While employers who already paid contributions in excess of those required under the reforms were broadly in favour of the reforms, many others, particularly those not currently paying any contributions, often felt resentful that they should be the mechanism for arranging pension provision, rather than the government or the individual; and
- employers which currently offered a scheme, whether with or without an employer contribution, typically thought that they would continue to use their existing scheme, rather than changing to a different provider, such as the NEST scheme.

³ For more information, see [7 Days dated 18 January 2010](#)

Default options in Workplace Personal Pensions - Research Report

The DWP has also published [Research Report No. 628](#), summarising the findings of qualitative research into the use of default options for workplace personal pensions (WPPs). This was undertaken alongside the DWP’s autumn 2009 [consultation](#) on draft guidance on this subject for pension providers. The research was designed to make recommendations for the DWP to consider in producing its guidance.

The recommendations (which are based on the research findings, comprised of current practice and the views of participants) include:

- the possible extension of the scope of the guidance to ensure that similar guidance is in place for both occupational (trust-based) schemes and contract-based DC schemes, as well as separate guidance for employers;
- clarification of the responsibilities of employers and providers in relation to WPP default options, as there currently appears to be uncertainty around their respective roles in determining default options;
- concentration on high-level principles and processes to ensure minimum standards in the market; and
- encouragement of effective communication with members, as poor member understanding of pensions and investment risk was highlighted as a concern by the majority of providers and employee benefit consultants involved in the research.

Service improvements for those approaching State Pension Age

The DWP is consulting on a [new process](#) (and draft regulations) which are designed to smooth the procedure for receiving the state retirement benefits.

The DWP notes that “each year around 175,000 people receiving DWP benefits go on to claim State Pension. To do this, they currently have to make contact with the Department and provide all their details afresh when they make that claim. The proposed change will mean that all existing DWP customers will be contacted by the Department when they approach State Pension age, instead of having to contact us, and, for some customers, we will pay their State Pension without requiring a claim, unless that person has decided to defer getting their State Pension.”

The consultation closes on 12 March 2010.

THE PENSION PROTECTION FUND

PPF Bulletin

The PPF has published [issue 3](#) of its bi-monthly electronic newsletter.

The latest bulletin contains details of:

- key deadlines for the 2010/11 and 2011/12 levies;
- PPF statistics; and
- the PPF's latest publications, such as its annual report and (published in conjunction with TPR, the fourth Purple Book.

THE PENSIONS REGULATOR

TPR gets tough on poor record-keeping

In the summer of 2008, TPR consulted on record-keeping for all work-based pension schemes calling for views on some specific steps, which could be implemented by providers and trustees, with a view to achieving high standards of record keeping. Subsequently, in December 2008, TPR published its record keeping [guidance](#) - "Good practice in measuring member data".

TPR has found take-up of this guidance to have been low. Only 19% of schemes surveyed had checked that they had all the fundamental common data, and of these, 53% appeared to be missing more than one item of this data.

TPR therefore proposes to set targets for the accuracy of the common data which schemes must hold and is currently [consulting](#) on proposals for regulation. These include review by TPR of the record-keeping performance of schemes. Where schemes fail to have adequate plans to resolve data issues, TPR will require them to improve.

[TPR Press Release](#)