Sackers extra

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At a glance

DEPARTMENT FOR WORK AND PENSIONS

- **Consultation on auto-enrolment earnings thresholds for 2013/14**

NATIONAL ASSOCIATION OF PENSION FUNDS

- **NAPF boosts policy team**

PENSION PROTECTION FUND

- **Response to consultation**

THE PENSION REGULATOR

- **Trustees urged to take action to meet data deadline**

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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
ECJ: European Court of Justice
FAS: Financial Assistance Scheme
GMP: Guaranteed Minimum Pension
HMRC: HM Revenue & Customs
NEST: National Employment Savings Trust
PPF: Pension Protection Fund
TPR: The Pensions Regulator

DEPARTMENT FOR WORK AND PENSIONS

Consultation on auto-enrolment earnings thresholds for 2013/14

From October 2012, employers will be required to automatically enrol all workers who satisfy certain age and earnings criteria into a workplace pension arrangement and pay at least a minimum level of contributions.

The automatic enrolment earnings trigger determines who saves. The qualifying earnings band sets minimum contribution levels for money purchase schemes. These thresholds must be reviewed each year, and revised if appropriate, taking into account the prevailing rates of National Insurance contributions (NICs), PAYE personal tax allowance, basic state pension, inflation and any other factors that the Secretary of State considers appropriate.

The Government is now reviewing the current thresholds in readiness for next year. If changes are made, these will come into effect on 6 April 2013.

The Government's provisional view is that "the evidence points to the following figures for the 2013/14 tax year:

- £9,205 for the automatic enrolment earnings trigger to align with the PAYE threshold;
- around £5,720 (projected value) for the lower limit of the qualifying earnings band to align with the NICs Lower Earnings Limit;
- £41,450 for the upper limit of the qualifying earnings band to align with the NICs Upper Earnings Limit (UEL) (the UEL is decreasing from April 2013). However, maintaining this year's value (£42,475) for next year, or uprating by earnings to £42,971 would also be possible options and [the Government is] particularly interested in views on the preferable policy."

The consultation closes on 17 October 2012. The Government plans to publish its response in November, around the time of the Autumn Statement.

Webb: Pensions will no longer be the preserve of the few

According to DWP analysis, builders, waiters and gardeners are among those who will benefit most from automatic enrolment.

Pensions Minister Steve Webb said:

"Pensions are far too important to be the preserve of the few. All workers deserve a decent income in retirement, and far too many are missing out at the moment, particularly those on low to moderate incomes who need them the most.

Next month, with the dawn of automatic enrolment millions of workers from every industry across the country will start saving so they can secure a more prosperous retirement."

The DWP expects up to eleven million people to be eligible for automatic enrolment, with six to nine million newly saving or saving more in all forms of workplace pension scheme.

Press release

NATIONAL ASSOCIATION OF PENSION FUNDS

NAPF boosts policy team

The NAPF has appointed Helen Forrest as its new Head of Policy and Advocacy to strengthen its policy work.

Helen will join the NAPF on 24 September 2012 from the DWP where she currently leads the Pensions Stakeholder Team. Helen will work alongside Mel Duffield, the Head of Research and Strategic Policy, and will report to Darren Philp, Director of Policy.

PENSION PROTECTION FUND

Response to consultation

The PPF has published its response to the July 2012 consultation on funding determinations and amendments to section 151 (Application for reconsideration) in the PPF (Miscellaneous Amendments) Regulations 2012.[1]

PPF entry procedures will be changed to:

- make it possible for the PPF to use a funding determination in place of a section 143 valuation, and

- allow a scheme to make an application for reconsideration under section 151 of the Pensions Act 2004 if they are unable to obtain a protected benefits quotation.

The PPF will issue statements setting out how it will implement these changes shortly. In the meantime, the PPF has updated information on the reconsideration process.

Press release

THE PENSIONS REGULATOR

Trustees urged to take action to meet data deadline

In 2010,[2] TPR set targets for schemes to improve their "common" data records. Common data includes a member's name, address, date of birth and National Insurance number.

For new data created after June 2010 (new data), TPR requires 100% accuracy; for data created before June 2010 (legacy data), the target is 95%.

[1] See 7days dated 9 July 2012.

[2] See 7days dated 7 June 2010

As part of a push to help trustees and administrators get their scheme records in order by the end of this year, TPR has published a progress checklist for trustees and some frequently asked questions about measuring data. The checklist sets out the key tasks trustees will need to carry out to meet these targets, which include:

- discussing plans with the scheme administrator;
- having their scheme data checked and receiving their data score;
- identifying any systemic issues and taking steps to address them; and
- agreeing processes with administrators for ongoing data monitoring, reporting and dealing with errors.

TPR is also running a webinar for trustees on 16 October 2012 to provide further guidance on record-keeping and common data targets.

Press release

For practical tips on how to target resources effectively, please also see our Governance Team's newsletter on record-keeping.