Sackers extra

18 January 2010

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Abbreviations commonly used in 7 Days

ABI:	Association of British Insurers	**NMPA:**	Normal Minimum Pension Age
DWP:	Department for Work and Pensions	**TPR:**	The Pensions Regulator
HMRC:	HM Revenue & Customs		

LEGISLATION

Workplace pension reforms

Following a consultation on the employer compliance elements of the Government's workplace pension reforms in the autumn of 2009, on 12 January 2010 the DWP published its consultation response, together with the final batch of regulations.

The regulations deal with various aspect of the employer compliance regime, including:

- arrangements for implementing the reforms, such as allowing employers to phase in contributions gradually over time;

- elements of the employer duty requirements not covered in earlier regulations, for example voluntary joining for individuals not eligible for automatic requirement and requirements on employers to maintain membership of a qualifying pension scheme; and

- TPR's powers to enforce compliance.

Consultation response

Among the matters raised by respondents to the consultation, was the concern that the timescales relating to the automatic enrolment process were unduly burdensome. The DWP has therefore revised some of the deadlines, so that employers will be better able to meet them in practice. By way of example:

- the registration process has been relaxed - the requirement to provide information on the numbers of opt-outs and voluntary joiners (opt-in and workers requesting to join) has been removed, and the timescale for providing information to TPR has been extended to two months; and

- in terms of the proposals allowing employers who operate "higher quality schemes" (i.e. schemes which provide better benefits than the minimum required under the Pensions Act 2008) to postpone automatic enrolment for eligible jobholders for up to three months, employers will be prevented from postponing automatic enrolment for any individual who has already been postponed by that employer within the previous 12 months. This measure is designed to protect those workers on a series of short-term contracts.

In addition, the regulations and guidance on certification (under which employers with DC schemes will be able to certify that they meet the "quality requirement" for an automatic enrolment vehicle), have been withdrawn, for further consideration by the DWP.

Timing

As hinted at in the Pre-Budget Report, the DWP has confirmed that the phasing-in of the reforms will be extended (specifically, the process of bringing employer contributions up to 3%) but that it will be complete by 2017.

The various sets of regulations can be accessed via the workplace pension reform section of the DWP website.

DWP Press Release

The Inheritance Tax (Qualifying Non-UK Pension Schemes) Regulations 2010

Regulations relating to changes contained in the Finance Act 2008 have been made under the Inheritance Tax Act 1984. It is intended that the draft regulations will restore inheritance tax protection to certain non-UK pension schemes that are broadly equivalent to registered pension schemes.

The Regulations will come into force on 15 February 2010 will apply with retrospective effect to 6 April 2006.

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

ASSOCIATION OF BRITISH INSURERS

Savings and Protection survey - Q4 2009

The ABI has published the findings of its Savings and Protection survey for the fourth quarter of 2009.

The aim of the research is to track how the economic environment impacts on consumer behaviour and on consumer attitudes towards savings and protection products.

In relation to pension savings, the survey indicates that four out of every five current pension savers feels the economic climate makes no difference to the amount they are contributing. However, there was a 10% rise in the proportion of respondents who are now less likely to start contributing towards a pension - up from 28% in Q3 2009 to 38% in Q4 2009.

HM REVENUE & CUSTOMS

Increase in Normal Minimum Pension Age

NMPA is the earliest age at which a member's pension benefits can be taken under a registered pension scheme without higher tax charges applying. In general, NMPA will increase from age 50 to 55 from 6 April 2010.

HMRC has published an information leaflet, aimed at employers and pension scheme administrators, which explains this change and sets out some practical questions and answers for members who may be affected.

For more information, please see our Alerts - Not so early retirement and Changes to Normal Minimum Pension Age: HMRC Guidance (dated 2 December 2009 and 18 December 2009 respectively).

Online registration - HMRC reminder

HMRC has issued a reminder to those whose schemes need to submit a Registered Pension Scheme return or an Event Report for the tax year ending 5 April 2009. These must be submitted online by 31 January 2010. Anyone still needing to register for the online service must do so as soon as possible.

THE PENSIONS REGULATOR

Statement on managing the risks of securities lending

Arising out of its current consultation on revised internal controls guidance[1], TPR has become aware of "concerns expressed in the pensions community of the risks to scheme assets from the practice of 'securities lending'". It has therefore published a short guide for trustees on "Understanding and managing the risks of securities lending".

In this guide, TPR highlights some of the issues which trustees should identify and sets out some key questions for trustees to consider. For example, trustees should:

- ensure they are aware of whether their fund managers are lending assets on their behalf, and where this is the case, that the scheme is receiving due benefit from this approach;

- ensure they understand the arrangements and financial terms in place between the scheme, fund manager and borrower;

- be fully aware of the risks of securities lending and of the nature of the collateral covering these risks to satisfy themselves that it is sufficient and appropriate; and

- ensure that the controls they have in place allow them to monitor the appropriateness of these arrangements in the context of their overall investment strategy.

1 For more information, please refer to 7 Days dated 7 December 2009

