



Pension Protection Fund Update

In line with expectations, the PPF levy estimate has increased from £630 million in 2013/14 to £695 million in 2014/15. Trustees with (or those who are planning) PPF contingent assets should note the 31 March 2014 deadline for certification/recertification and the minor changes to the contingent assets regime. Dun & Bradstreet has also introduced a new scoring methodology from the beginning of 2014 – this will affect scores in the last two or three months used for the 2014/15 levy year and brings a level of uncertainty to this year's system.



Defined Contribution Code and Guidance

The code of practice on governance and administration of DC trust-based occupational pension plans came into force on 21 November 2013 and the Pensions Regulator issued its final guidance material on the same day. The code of practice and the guidance together address the 31 quality features that the Regulator expects to be present where pension plans have any element of DC benefit (including AVC arrangements). Trustees should assess their pension plan for compliance with the code and guidance.



Money Purchase Definition

The new definition of "money purchase benefits" is due to come into force on 6 April 2014 and will have retrospective effect from 1 January 1997. Some pension plans that have been administered on the basis that they are money purchase (including AVC arrangements) may not fit the new definition. The government is soon expected to clarify the extent to which trustees and employers will be required to unravel past actions. Trustees should establish whether their pension plan will be affected by the new definition.



Disclosure of Information

The disclosure of information regulations that govern the pensions information that trustees must provide to members and other interested parties, is being updated with effect from 6 April 2014. Options for trustees include the ability to simplify some of the information that is provided to new members (if they wish). There is a new requirement for trustees of DC arrangements to provide specific information to members who are invested in "lifestyling" funds.



Defined Benefit Funding

The Pensions Regulator is consulting on its approach to scheme funding in view of its pending new statutory objective. It sets out a more "principle-based and outcome-focused" approach and is aiming for increased transparency. The Regulator will seek to strike a balance between employers' funding obligations and their ability to invest in sustainable business growth – therefore trustees should understand what "sustainable growth" means for their pension plan's sponsoring employers and consider this as part of their covenant assessment.



Latest on Automatic Enrolment

The DWP has published the proposed automatic enrolment thresholds for 2014/15 – the automatic enrolment earnings trigger will remain linked to the Personal Allowance and increase to £10,000 and the qualifying earnings band will be £5,772 to £41,865. There are also a number of "technical changes" to the automatic enrolment regime following recent consultation – many changes are now in force with a few to follow on 1 April 2014, including an extension to the period within which individuals must be automatically enrolled from one month to six weeks.





Same Sex Marriages

The government has announced that marriage for same sex couples will be introduced from 29 March 2014. A government review into the differences in survivor benefits provided by occupational pension plans for opposite and same sex spouses/civil partners must be completed by 1 July 2014. Pension plans can currently rely on an exemption in the Equality Act 2010 to restrict benefits for same sex couples where the right accrued before 5 December 2005 but it is possible that the legislation will change in the future following completion of the government's formal review.





Overseas Employers

The Pensions Regulator has updated its statement: "Identifying your statutory employer", to include guidance for trustees of DB plans with sponsoring employers who are registered overseas. Overseas insolvency proceedings do not count as a "qualifying insolvency event" triggering access to the PPF. The Regulator encourages trustees to seek legal advice in order to be clear on their position. This follows the recent case of *Olympic Airlines*, where members have been left without recourse to PPF compensation (although the trustees have secured leave to appeal that decision).



Further Information

For further information about any of our Hot Topics please contact any of the partners listed or your usual contact in the Squire Sanders Pensions team.

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Guaranteed Minimum Pensions

HMRC is offering a service to allow pension plans to reconcile their GMP data with HMRC records. Requests for data can be made now but the data will not be supplied until April 2014. All requests to HMRC should be made before 6 April 2016 – the date from which contracting out for DB plans will be abolished. Trustees are encouraged to discuss this issue with their administrators. In the meantime, we are still awaiting the next instalment from the DWP regarding equalising benefits for the effect of GMPs.





Lifetime Allowance Decrease

Two new forms of transitional protection will cushion the effects of the decrease in the Lifetime Allowance to £1.25 million in April, for individuals whose existing pension savings are likely to exceed the new limit – Fixed Protection 2014 and Individual Protection. Members can now apply for Fixed Protection 2014 (and must do so by 5 April 2014). The legislation governing Individual Protection is still in draft. Trustees will have to grapple with a time delay between the LTA reduction and members applying for Individual Protection.