

Premier Pensions Management



Technical Update – 01/10

Changes in the PPF Levy

The PPF have announced their proposed changes to the 2010/11 Levy which cover a number of aspects that Trustees may wish to consider:

1. Risk Based Levy

The PPF have extended help to the 10% of Schemes most exposed to the risk based levy by dropping the cap from 1% to 0.5% of the section 179 liabilities. However this does mean that the remaining 90% of Schemes may need to pay an increased levy

2. Insolvency Risk Failure Score for Overseas Schemes.

The PPF intend to introduce a matrix for the conversion of overseas Dun & Bradstreet failure scores to a UK equivalent using a set matrix. There is a possibility that individual levy payments may increase or decrease as a result of this.

3. Late Payment Interest

Late settlement of PPF Levies is very likely to result in late payment interest being added to the bill, subject to the relevant legislation changes.

4. Block Transfers

The PPF have also introduced a new requirement for certification of block transfers which result in the transferring schemes being ineligible for the levy payment. They also require information on those transfers that exceed:-

- 20% of the transferring schemes' assets
- 20% of the sum of the receiving schemes' assets (prior to transfer)
- Any transfer exceeding £20M

Trustee Action Plan

- ✓ Trustees may wish to liaise with their advisors to assess the potential affects on their PPF levy payments,
 - ✓ check the position of overseas affiliated companies.
 - ✓ ensure swift payment of the PPF levies
 - ✓ be aware of the additional reporting requirements on any block transfer activity.
- Premier Pensions Management will be happy to assist Trustees in assessing the consequences of the changes.



PREMIERPENSIONS
MANAGEMENT
SPEAKING YOUR LANGUAGE

Early Retirement Changes

From April 2010 the earliest date at which Members can retire will be raised to age 55. However, some scheme members may have a 'protected right' to retire prior to 55 (a Protected Pension Age) if the rules of the scheme state that they are able to retire prior to age 55 without consent. In order to qualify the Member must have;

- had an actual or contingent right to retire at that age as at 5 April 2006
- The schemes rules at 10 December 2003 must have provided this right, or would have done if the employee was a member of the scheme at that time.
- The Member must take ALL of their benefits and not be re-employed in the same job for a period of 6 months following retirement. (Lesser periods apply to re-employment in a significantly different role.)

For the majority whose minimum retirement age will rise Trustees should consider whether they should bring this to the members attention.

Trustee Action Plan

- ✓ Trustees may wish to consider planning an appropriate communication exercise and/or offering retirement options to those that currently qualify for early retirement under the scheme rules
- ✓ Trustees should establish whether any Members have a Protected Pension Age and advise each Member accordingly
- ✓ Trustees should note that in order to meet the legislative deadlines members are likely to need to begin the early retirement process before the end of January.

Premier Pensions Management will be happy to assist Trustees with this exercise

Trust Deed and Rules

Trustees are reminded of the deadline date of April 2011 for bringing their scheme documentation up to date in relation to outgoing statutory limits such as the removal of the earnings cap. This is a good opportunity for Trustees to mop up these and other post A day changes into a formal consolidating Trust Document.

Trustee Action Plan

The Trustees may wish to table this point for their next Trustee meeting and perhaps schedule discussions with their Legal Advisors to ensure that all relevant changes are captured and to allow sufficient time for documentation to be drafted, reviewed and signed prior to the April 2011 deadline.

This update provides general information and cannot be relied upon for individual Scheme issues. You should contact your advisor or Paul Couchman at Premier Pensions Ltd, Corinthian House, 17 Lansdowne Road, Croydon CR0 2BX, DL 020 8663 5822, Email Paul.couchman@premierpensions.co.uk, if you require definitive advice.