

PREMIER PENSIONS MANAGEMENT

LEGISLATION UPDATE: 13/07

Conservative Party Pension Policy

The Conservative Party Economic Competitiveness Policy Group has recommended wide ranging changes to its policy on pensions and savings.

These include: -

1. No recommendation to restore dividend tax credits to pension funds. The money needed to do this would be better used to abolish stamp duty on shares.
2. Companies should not have to use AA bond discount rates to calculate pension liabilities. Instead actuaries could produce a blended discount rate for each client taking into consideration the profile of scheme members and the asset mix.
3. A new type of risk sharing Defined Benefit scheme with a core pension promise supplemented by “best intentions extras”. The core pension would be paid at State Pension Age with the scheme’s normal pension age rising in line with the State Pension Age. This is part of the pension which would be subject to the same protection and funding Rules as today’s Defined Benefit pensions. Indexation and spouses pensions would be discretionary.
4. People with Defined Contribution savings should not have to buy an annuity by the age of 75. Also at least some unused pension assets should be exempt from inheritance tax.
5. Pension style tax relief should be available on contributions to Lifetime Savings Accounts. Money could be accessed before retirement with a tax free lump sum available if they were subsequently repaid.

These recommendations are not binding and it will be interesting to see how many, if any, become Conservative policies.

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This update includes general information and cannot be relied upon for individual schemes issues. You should contact your adviser or Paul Couchman at Premier Pensions Management Ltd, Capital Business Centre, Units 14 & 15, 22 Carlton Road, South Croydon, Surrey, CR2 0BS. DL: 020 8916 2129. Email:

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if you require definitive advice