

PREMIER PENSIONS MANAGEMENT

LEGISLATION UPDATE : 17/06

Scheme Specific Funding – The Employers View

A lot has been written about the Trustees and their role in Scheme Specific Funding. But what is the position of the Employer in an environment where Trustees have been given greater responsibility and power in setting Sponsoring Employers contribution rates.

The Pensions Regulator (TPR) is also pushing Trustees to use prudent assumptions and accelerate contributions to clear deficits.

Employers need in the new environment to ensure their views are adequately considered by the Trustees. These need to be made available to the Trustees early in the Valuation process if possible.

Important discussion areas are: -

- Appropriateness of financial assumptions.
- Appropriateness of mortality assumptions.
- Clearance of deficit period, and pattern of contributions to achieve this.
- Confirmation of the FRS 17 figures which is a TPR trigger and should be disclosed. The Company also has some discretion in setting these. Auditors are also asking for the latest mortality provisions to be included, which may be inappropriate to be included for the Pension Scheme.

It is suggested therefore that Companies should as soon as possible: -

1. Obtain confirmation from the Trustees when the first SSF Valuation is due.
2. Advise the Trustees the importance of involving the Employer from the start.
3. Ask to be given the opportunity to comment on the suggested assumptions.
4. Ask for sufficient time to consider results and especially the pace of funding any disclosed deficit so this can be included in the Company budgeting process.

JUNE 2006