

PREMIER PENSIONS MANAGEMENT LTD

LEGISLATION UPDATE : 4/04

Pensions Act 2004

DUTY OF EMPLOYER AND TRUSTEES TO NOTIFY CERTAIN EVENTS TO THE PENSIONS REGULATOR

The Pensions Act 2004 contains requirements for Trustees or the Employer to notify the Regulator of certain events affecting the Scheme or Employer respectively.

The Department of Work and Pensions (DWP) has issued a consultative paper and the regulations are expected to come into force in May 2005.

WHAT ARE NOTIFIABLE SCHEME EVENTS WHICH TRUSTEES MUST NOTIFY TO THE REGULATOR?

- If the Trustees seek to compromise a debt owed to the scheme
- Significant reduction in active members
- Two or more changes in Scheme Actuary, Auditor or Legal Adviser within 12 months.
- Proposal to merge one scheme with another
- Events occurring on more favourable terms than scheme rules provide and where additional funding as recommended by the Actuary is not forthcoming – eg early retirement.

WHAT ARE EMPLOYER-RELATED EVENTS WHICH MUST BE NOTIFIED?

- Employer to seek to compromise debt owed to the Scheme
- Decision by Employer to cease to be a UK resident
- Decision by Employer to make 20 or more employees redundant at one place within a 90 day period
- Advice to Employer that it is trading wrongfully or breach of banking covenant by Employer
- Significant change in Employer's credit rating (Standard & Poors ratings could be used!)

- Decision by controlling company to relinquish control of the Employer
- Two or more changes in any of the Chief Executive or Director responsible in whole or part for financial affairs of the Employer in the previous 12 months
- Certain convictions for dishonesty

COMMENTS

- 1 For some events there are exceptions if the scheme is funded at or above the Pension Protection Fund (PPF) buy out level unless there has been a significant breach of the Schedule of Contributions. Initially few schemes will pass this test.
- 2 Notification will be required as soon as reasonably practicable. Fines may apply for non-compliance.

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*This update includes general information and cannot be relied upon for individual schemes issues.
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