

03 December 2012

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SO7

### Abbreviations commonly used in 7 Days

**Alert/News:** Sackers Extra publications (available from the client area of our website or from your usual contact)

**DB:** Defined benefit

**DC:** Defined contribution

**DWP:** Department for Work and Pensions

**ECJ:** European Court of Justice

**FAS:** Financial Assistance Scheme

**GMP:** Guaranteed Minimum Pension

**HMRC:** HM Revenue & Customs

**NEST:** National Employment Savings Trust

**PPF:** Pension Protection Fund

**TPR:** The Pensions Regulator

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## LEGISLATION

### The Occupational Pensions (Revaluation) Order 2012

The DWP has published an [Order](#) setting out the percentages by which deferred pensions in final salary occupational pension schemes are to be revalued. The Order specifies that the increase is 2.2% for 1 January – 31 December 2012 (using the September 2012 figure for the Consumer Prices Index). The Order comes into force on 1 January 2013.

#### [Explanatory memorandum](#)

### The Registered Pension Schemes (Relevant Annuities) (Amendment) Regulations 2012

The ECJ ruled on 1 March 2011 (in the *Test Achats* case) that, with effect from 21 December 2012, insurers should not be permitted to use gender as a risk factor in ways which result in individual differences in premiums and benefits for men and women for insurance transactions covered by Council Directive 2004/113/EC (which implements the principle of equal treatment between men and women in the access to and supply of goods and services).<sup>1</sup>

The amount of drawdown pension that may be taken as income annually is the "annual amount" of a "relevant annuity" which the drawdown pensioner could have purchased. Annuity rates are currently higher for men than for women because on average men have lower life expectancy at retirement.

This [instrument](#) provides for male and female drawdown pensioners to be treated the same from 21 December 2012 by providing that the maximum drawdown pension for females is calculated using the existing male rates. This increases the maximum drawdown pension female pensioners can take without affecting the maximum drawdown pension males can take.

#### [Explanatory memorandum](#)

## DEPARTMENT FOR WORK AND PENSIONS

### Most will stay "in" under automatic enrolment – major new pensions survey

On 26 November 2012, the DWP [published](#) its latest [survey](#) on retirement saving. The research shows nearly three quarters (70 per cent) say they are likely to stay in a pension scheme if they are eligible to be automatically enrolled.

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<sup>1</sup> See our [Alert](#): "Is it the end of the road for sex-based actuarial factors?" dated 2 March 2011

## HM TREASURY

### Governor of the Bank of England

On 26 November 2012, Her Majesty the Queen approved the appointment of Mark Carney as Governor of the Bank of England from 1 July 2013. He will succeed Sir Mervyn King.

Mr Carney is currently Governor of the Bank of Canada, having taken up his office on 1 February 2008.

Mr Carney has indicated he intends to serve for five years.

[Press release](#)

## NATIONAL ASSOCIATION OF PENSION FUNDS

### Joint industry code of conduct on pension charges

A new joint industry [code of conduct](#) for disclosing information to employers on the charges made on workplace pensions (the "Code") was published on 28 November 2012.

The Code aims to enable the consistent disclosure of charges and investment costs across the workplace pensions landscape.

It is intended to apply to all parties providing services to employers in setting up and administering pension schemes for auto-enrolment, including insurance companies, trust-based pension schemes, financial advisers and any other professionals offering paid advice.

The Code will come into effect in two stages:

- the first stage begins on 1 January 2013 when the Code should be used as a guide for best practice;
- the second stage starts one month after the launch of the dedicated web tool, which is expected to be available from 1 April 2013.

We will publish an Alert on the new Code shortly.

[Press release](#)

## PENSION PROTECTION FUND

### Revised statement of investment principles

The PPF has issued a revised [Statement of Investment Principles](#).

[Press release](#)