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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

HMRC: HM Revenue & Customs

NAPF: National Association of Pension Funds

NEST: National Employment Savings Trust

PPF: Pension Protection Fund

TPR: The Pensions Regulator

DEPARTMENT FOR WORK & PENSIONS

GMP Equalisation: Interim response to consultation on draft regulations and a possible equalisation method

Back in January 2012, the DWP consulted on draft regulations to deal with the intrinsic inequality of Guaranteed Minimum Pensions (GMPs) and a "possible method for equalising pensions for the effect of the [GMP]".¹

Having concluded that schemes are obliged to equalise overall scheme benefits "for the effect" of GMPs which accrued between 17 May 1990 and 5 April 1997 inclusive², the DWP's proposed method for equalising GMPs (which was not intended to be a definitive statement on how to equalise GMPs) sought to rely on a comparison between a member's GMP (under the scheme rules and the relevant legislation) and their GMP had they been of the opposite sex, which would be subject to an annual test.

Almost one year after the consultation closed, the DWP has now published³ an interim response to the consultation. In its response, the DWP explains that:

- despite receiving numerous objections from the pensions industry, the DWP still intends to lay regulations to reflect the European law position on equal treatment of men and women as it applies in the field of occupational pensions, in so far as any differences result from the GMP provisions in the Pension Schemes Act 1993;
- however, it will not publish its methodology for equalising pensions, as the majority of respondents to the consultation did not want the Government to do so. Respondents gave various reasons for their views, including the belief that there is no requirement to equalise and because the methodology put forward was too costly and complex.

The DWP is now looking at proposals for using the GMP conversion process to equalise scheme benefits for the effect of the GMP, including statutory guidance on GMP conversion, which would incorporate advice on GMP equalisation as part for the conversion process. The laying of the GMP equalisation regulations has been delayed, pending this review. A full response to the 2012 consultation is expected to be published in due course.

¹ For more information on the consultation, please see our Alert: [GMP Equalisation: The DWP calls time](#) (24 January 2012) and our [response](#) to the consultation

² Based on *Barber v Guardian Royal Exchange* [1990] 2 All ER 660 and the Equality Act 2010

³ On 5 April 2013

Cyprus benefit payments

State pensions and other benefits

On 2 April 2013, the UK Government announced that it has decided to resume making pension and benefit payments to customers with bank accounts in Cyprus and with affected Cypriot banks in Greece.

As banks in Cyprus have reopened, the DWP has re-started processing payments but notes that customers are likely to find that it takes a number of days for these to be credited to their accounts, due to back-logs in the banking system.

Meanwhile, the UK Government is continuing to monitor the position in Cyprus from both London and Nicosia.

Workplace pensions

As we reported in [7 Days](#) on 1 April 2013, trustees may wish to take steps to deal with requests from members living in Cyprus to pay pensions into a UK account rather than any Cypriot or Greek accounts that have previously been used.

For more information, please see [Sackers' press release](#).

NATIONAL ASSOCIATION OF PENSION FUNDS

Workplace pensions survey

The NAPF have today (8 April 2013) published a [Workplace Pensions Survey](#) which tracks the opinions and attitudes of people in employment on pensions and their expectations in retirement.

This year's report looks at access to and membership in a workplace pension scheme. The report [shows](#) that respondents aged 35 and older were most likely (58%) to be members of a pension scheme at their workplace, while young people aged 18-24 and those earning £7,000 or less per year were least likely (18%) to be in this position.

The NAPF [comment](#) that the survey highlights that young workers born in the 1980s are more 'switched on' to pensions than older colleagues and plan to save more, despite the pressures of student debt and buying property.

PARLIAMENT

Report on single tier state pension

On 4 April 2013 the Commons Select Committee for Work and Pensions Committee [published](#) its fifth report: "The Single-tier State Pension: Part 1 of the draft Pensions Bill". The main report is contained within Volume I, together with formal minutes and oral and written evidence; Volume II sets out additional unprinted written evidence.

The Committee welcomes the improvement in retirement income that the single-tier state pension will bring. However, the report also warns that the new system is likely to prove confusing for the individuals affected and argues that further explanation is required from the Government.

The report highlights that the change in the implementation date has significant implications, particularly for pension schemes and employers, who now have one year less to prepare for the ending of DB contracting-out. The Committee says that the Government must work with them to ensure the transition is as smooth as possible and that DB schemes do not suffer as a result.

[Click here](#) to read the Committee's comments on the report.

PENSION PROTECTION FUND

What's the PPF all about? New YouTube video goes live

The PPF's latest YouTube video has gone live, in which Director of Customer Experience, Sara Protheroe, explaining what the PPF is all about.

The [video](#) is aimed at scheme members who know very little about the PPF and who may have heard the PPF are getting involved with their scheme. The short five minute video covers:

- what the PPF does
- what happens in the assessment period, and
- the levels of compensation the PPF pay.

The PPF suggest that trustees and administrators of schemes in assessment will also find this video a very useful tool. The PPF recommend those looking for a beginner's guide to the PPF should also read their [booklet](#) 'What is the Pension Protection Fund and what do we do?'.

THE PENSIONS REGULATOR

Three new members appointed to regulator's Determinations Panel

The new chair of TPR's Determinations Panel, Andrew Long, has [announced](#) the appointment of three new members to the panel.

They replace two members who are stepping down at the end of their terms, and fill the vacancy created by panel member Mr Long stepping into the role of chair as of 6 April 2013.

The Determinations Panel is responsible for making formal decisions relating to cases where the regulator seeks to use certain powers. These decisions are known as 'determinations'. The panel has the power to make a determination where:

- TPR seeks to sanction or prosecute a breach of pensions law;
- a problem has arisen in a scheme that TPR considers can be put right with the use of one of its powers; or
- an application has been made by trustees, managers, members or employers of a scheme for TPR to use one of its powers.

The Determinations Panel has a chair and at least six panel members. Members of the panel are separate from TPR and are not involved in investigating cases.

For more information about the Determination Panel, please click [here](#).