

Pensions law – the week in review

15 June 2009

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1 ACCOUNTING STANDARDS BOARD (ASB)

1.1 Improvements to Financial Reporting Standards - Exposure Draft issued

On 11 June 2009, the ASB issued a Financial Reporting Exposure Draft (FRED) on improvements to UK financial reporting standards.

The main role of the ASB (an operating body of the Financial Reporting Council, the UK's independent regulator for promoting confidence in corporate reporting and governance), is to issue accounting standards. As such, it collaborates with accounting standard boards from other countries and the International Accounting Standards Board (IASB), influencing the development of international standards and ensuring that its standards are developed having regard to international developments.

The proposals set out in this FRED form part of the ASB's annual review of its standards and the IASB's annual improvements process.

Comments on the FRED are invited by 30 September 2009.

The ASB's press release and the FRED can be accessed by clicking on the links below:

<http://www.frc.org.uk/asb/press/pub1999.html>

<http://www.frc.org.uk/images/uploaded/documents/FRED%20Web%20Optimized%20June%2020091.pdf>

2 COMMITTEE OF EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS SUPERVISORS (CEIOPS)

2.1 Annual Report Published

CEIOPS has published its annual report for 2008, together with a summary of its plans for 2009.

CEIOPS is composed of high level representatives from the insurance and occupational pensions supervisory authorities of the EU's Member States. The authorities of the other Member States of the

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European Economic Area (Norway, Iceland and Liechtenstein) and the European Commission participate in CEIOPS' activities as observers. The UK members of CEIOPS are the Pensions Regulator and the Financial Services Authority. Tony Hobman, chief executive of the Regulator, heads CEIOPS' Occupational Pensions Committee.

Chapter 6 of the report summarises CEIOPS' work over the past year on occupational pensions, including its April 2008 "Initial Review" of key aspects of the implementation of the Pensions Directive¹ and its report on market developments² (which details developments in the field of cross-border occupational pension provision across the European Economic Area in the light of the implementation of the Pensions Directive).

Chapter 12 sets out a summary of CEIOPS' 2009 work programme. In terms of occupational pensions, CEIOPS' aims for the coming year include:

- continuing to focus on supervisory practices in relation to cross-border pension schemes (with a view to enhancing consistency);
- a follow-up of the recommendations in the Initial Review³; and
- further work on solvency issues for occupational pension schemes.

A copy of the CEIOPS Annual Report can be accessed by clicking on the link below:

<http://www.ceiops.eu/media/files/publications/annualreports/CEIOPS-Annual-Report-2008.pdf>

¹ Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision

² For more information, please see 7 Days dated 17 November 2008

³ For more information, please see 7 Days dated 7 April 2008

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3 EUROPEAN COUNCIL

3.1 Conclusions published on Equal Opportunities and Dignified Ageing

The Council of the European Union has published its conclusions on equal opportunities and dignified ageing.

The Council notes that “throughout the EU, older women and men face serious challenges as they seek to live active lives and to age with dignity”. It also focuses on a persistence of gender stereotypes which, together with age discrimination in the labour market, reduce the employment opportunities of older women in particular.

Among other things, the Council calls on EU Member States to:

- support employers in their efforts to recruit and retain older workers in employment;
- address the needs of older persons to reduce their isolation and to promote their independence, equality, participation and security; and
- take account of women's higher exposure to the risk of poverty, especially in old age, when reforming their pension systems.

The full text of the Council's conclusions can be accessed by clicking on the link below:

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lisa/108375.pdf

4 HM REVENUE & CUSTOMS (HMRC)

4.1 On-line registration for Scheme Administrators and Practitioners

On 9 June 2009, HMRC announced the removal of form APSS161 from its website. This form, which enabled postal pre-registration as a scheme administrator (so that documents such as the pension scheme return, accounts, statements and other documents connected with the return could be submitted) is now

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obsolete. In future, all new scheme administrators (which include pension scheme trustees) and practitioners are required to pre-register on-line.

HMRC's guide to using its Online Service for scheme administrators and practitioners (dated July 2008) can be accessed by clicking on the link below:

<http://www.hmrc.gov.uk/pensionschemes/online-user-guide.pdf>

5 POLICY EXCHANGE

5.1 Report on the cost of Public Sector Pensions

Policy Exchange, the independent, educational charity which works with academics and policy makers from across the political spectrum, has published a report on public sector pension costs.

Described by the authors as “a second national debt”, the report analyses the extent of public sector pension debt arising from benefits promised under UK public sector unfunded pension schemes. While there are 16 unfunded schemes identified in the report (based on statistics from the Government Actuary's Department), five of these account for the majority of the unfunded public sector pension liabilities. These schemes are: the NHS Pension Scheme, the Teachers' Pension Scheme, the Civil Service Pension Scheme, the Armed Forces Pension Scheme and the Police Pension Scheme.

The report focuses on the impact of public sector pensions on individuals, as well as the impact of the public sector unfunded pensions on the nation, in particular on taxpayers.

In the light of its research, the Policy Exchange makes a number of recommendations which are intended to improve the transparency and reporting of public sector pensions, including:

- payment by public sector employers (jointly with employees for contributory schemes) of a cash amount each year equivalent to the full value of the pension benefits earned by staff in that year;

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- the use of annual cash pension contributions to purchase index-linked gilts of sufficient value to pay for all pension promises made in that year;
- the establishment of a Public Sector Pension Fund to receive contributions, buy index-linked gilts and pay public sector pensions;
- ring-fencing of existing public sector pensions liabilities by the Treasury, with these allowed to run off over their remaining life; and
- the commencement of new arrangements after a transitional period in which employers and employees will know the new charging structures (to allow for negotiations over the shape of future pay and pension packages).

The Policy Exchange's press release and report can be accessed by clicking on the links below:

http://www.policyexchange.org.uk/assets/Pub_Sec_Pensions_PR.pdf

http://www.policyexchange.org.uk/assets/pub_sec_pensions.pdf

6 SENIOR SALARIES REVIEW BODY (SSRB)

6.1 Consultation launched on the future of Parliamentary Pensions

The SSRB has launched a consultation on the future of the Parliamentary Contributory Pension Fund (PCPF).

The SSRB provides independent advice to the Prime Minister, the Lord Chancellor and the Secretary of State for Defence on the remuneration of holders of judicial office, senior civil servants, and senior officers of the armed forces, among others. It also advises the Prime Minister from time to time on the pay, pensions and allowances of Members of Parliament (including Ministers) and on Peers' allowances and pay.

The purpose of the present review is to gather evidence and views from interested parties to assist the SSRB in making recommendations to the Prime Minister on options for the future of the PCPF. The consultation closes on 31 July 2009.

To access the consultation document, please click on the link below:

[SSRB Consultation Document - June 2009](#)

7 THE PENSIONS ADVISORY SERVICE (TPAS)

7.1 New leaflet on “Pensions and Leaving Work”

TPAS has produced a new leaflet in which it explains the effect that leaving work may have on an individual's existing pension provision or plans, whether through redundancy or for some other reason.

In the new leaflet, TPAS sets out what employees in this situation should be told about their pension position and what they need to think about for the future. It covers the potential impact of redundancy, early retirement options, what happens when an employer becomes insolvent, as well as some of the factors to be taken into account before contemplating a transfer to another scheme or arrangement.

To access the TPAS leaflet, please click on the link below:

http://www.pensionsadvisoryservice.org.uk/publications/tpas_leaflets/documents/pensionsandleavingwork_000.pdf