

19 November 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

HMT: HM Treasury

NEST: National Employment Savings Trust

PPF: Pension Protection Fund

TPR: The Pensions Regulator

DEPARTMENT OF BUSINESS, INNOVATION & SKILLS (BIS)

Flexible parental leave

The Modern Workplaces consultation was published on the 16 May 2011.¹ It sought views on:

- introducing a new system of flexible parental leave which would allow mothers and fathers to share leave, and give parents and employers greater choice about how leave is taken;
- how to extend the right to flexible working to all employees; and
- updating the Working Time Regulations to reflect European judgments and introducing further measures to promote equal pay.

On 13 November 2012, the [responses](#) to the consultation were published.

The Government intends to implement a package of measures to encourage fathers to take a greater role in caring for their babies and enable working families to be able to share the leave and pay that is currently only available for the mother.

The following reforms were announced:

- the introduction of "flexible parental leave" from 2015.

Mothers will have to take at least the initial two weeks of leave after birth, as a recovery period, but it will be possible to "share" the remaining period (50 weeks). As now, statutory pay will be available (for those who qualify) for 39 weeks. Fathers will retain their current right to two weeks' paid paternity leave;

- fathers will have the right to take unpaid leave to attend two antenatal appointments;
- from March 2013, unpaid parental leave will be increased from 13 to 18 weeks in order to comply with the revised EU Parental Directive;
- in 2015, the Government will increase the age limit on parental leave from the current 5 years to 18 years, providing each parent the right to up to 18 weeks' unpaid parental leave for each child under 18; and

¹ See [7days](#) dated 16 May 2011

- the Government intends to extend the right to request flexible working to all employees as soon as parliamentary time permits.

[Press notice](#)

FINANCIAL REPORTING COUNCIL (FRC)

Actuarial standards to include Pension Incentive Exercises

On 14 November 2012, the FRC [extended](#) the scope of its technical actuarial standards (TASs) to include actuarial work on pension incentive exercises.

Commenting on the announcement, Olivia Dickson, Chairman of the FRC's Actuarial Council, said:

"Members who are offered incentives to change their benefits face difficult and complex choices. It is important that members are provided with clear, reliable and sufficient information so that they can take informed decisions. Actuarial work is carried out at various stages of these incentive exercises and can influence the terms of incentives offered and the communications to members. In order to provide greater assurance of the quality of actuarial information provided, the FRC has decided to bring incentive exercises into the scope of the Pensions TAS."

Draft standard on assumptions for pension scheme projections

Following consultation in May 2012, the FRC has [published](#) a draft revision to actuarial standard TM1.

TM1 sets out how pension providers should establish assumptions about future investment returns used in the illustrations they give to pension savers of what their pension might eventually be. Providers should make justifiable assumptions that take account of the nature of their members' investments rather than using standard numbers. The FRC believes this approach should produce information that is better tailored to savers' circumstances. Accordingly the FRC is removing the current maximum 7% cap on assumed investment returns which has at times been adopted by some providers as a default assumption.

If, following consultation, these proposals are adopted the FRC will review their implementation carefully to ensure providers are making justifiable assumptions.

So savers can understand the basis of the illustrations the FRC encourages providers to give pension savers information about the assumptions used on request.

HM REVENUE & CUSTOMS

Tax code operated on 'trivial commutation' and similar lump sum pension payments

From April 2013 the tax code operated on these one-off lump sum pension payments will change from the emergency code (on the non-cumulative or week1 / month 1 basis) to the basic rate (BR) tax code. Draft amendments to the PAYE regulations have been published for consultation, along with a [Technical Note](#). The consultation ends on 9 January 2013.

[Press release](#)

Draft statutory instrument - The Annual Allowance Charge (Amendment) Order

HMRC has [published](#) for external comment a [draft statutory instrument](#) making a number of changes to the annual allowance legislation following the changes in Finance Act 2011.

The proposed changes are designed to help ensure that the annual allowance rules work as intended. The changes include a reduction to burdens on scheme administrators by extending the circumstances when the deferred carve out applies, and may restrict reductions to the pension input amount in certain situations.

Any questions or comments should be sent by email to [Pensions Policy](#) by 31 December 2012.

HM TREASURY

Fair Deal: Consultation response and further questions for consultation

On 19 November, HMT published [Summary of responses: Consultation on the Fair Deal policy](#) following the March 2011 consultation on the Fair Deal.

The response also contains some further consultation questions which will explore how Fair Deal should apply to those employees that have already been transferred out under the existing Fair Deal policy. It considers how the policy should apply when the contract is subsequently retendered under the new Fair Deal policy. The Government is seeking views on the proposal that contracted out staff returning to the public sector should have access to the reformed public service pension schemes, and that contracted out staff who are retendered should either have access to the reformed public service pension scheme or their employer should provide a scheme which is broadly comparable to the reformed public service pension schemes (except where an employee enjoys the benefit of transitional protection).

HMT have asked for responses to the further consultation questions and on the draft guidance on the operation of the reformed Fair Deal policy by 11 February 2013.

THE PENSIONS REGULATOR

Perceptions of the Pensions Regulator 2011-12

On 13 November 2012, TPR [published](#) a [report](#) on its 2011/12 perceptions tracker survey.

The survey (which is conducted amongst trustees, pension managers, administrators, employers, lawyers, actuaries and IFAs) aims to provide TPR with an understanding of how effectively it is fulfilling its statutory objectives. This year's survey also included accountants, given their role in supporting employers with automatic enrolment.

64% of stakeholders rated TPR's performance as "good" or "very good", an increase from 59% in the 2010-11 survey.