

20 August 2012

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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

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

NATIONAL ASSOCIATION OF PENSION FUNDS

New automatic enrolment guides

The NAPF has published two new guides on automatic enrolment, the fifth and sixth in its series "New rules for pension saving made simple". The guides are aimed at businesses and HR professionals.

Leaflet 5, "What do I need to tell my employees", explains what employers need to tell their employees about automatic enrolment and when they need to do it. The guide identifies how to manage employee expectations and discusses issues that employers might want to consider in developing a communications programme on automatic enrolment.

Leaflet 6, "Things to look out for", is designed to highlight issues that employers might come across when introducing automatic enrolment, including contractual pension entitlements, salary sacrifice and flexible benefits. This guide also emphasises the need for employers to take advice if they are not certain that they are implementing the automatic enrolment requirements correctly.

NAPF Press Release

PENSIONS INSTITUTE

Discussion Paper on longevity risk hedging

The Pensions Institute has published a Discussion Paper¹ on the "Robust Hedging of Longevity Risk". The paper considers some of the options available to a pension scheme or annuity provider that has decided to hedge its exposure to longevity risk.

In particular, the paper looks at situations where a pension scheme has opted to hedge its longevity risk using an index-based longevity hedging instrument such as a q-forward or deferred longevity swap. It also addresses issues relating to robustness of various quantities connected to a given financial transaction that are derived from a stochastic or other model for mortality and longevity risk.

¹ Discussion Paper
PI-1206

PENSION PROTECTION FUND

PPF enlarges panel of active bond managers

On 15 August 2012, the PPF announced that it has enlarged its panel of active bond managers, with a view to helping it embark on the next phase of managing a wider fixed income investment portfolio. 15 specialist firms have been appointed.

[PPF Press Release](#)

Freedom of information publication scheme

As a statutory body, the PPF is required, under the Freedom of Information Act 2000, to make as much information available as possible through a publication scheme.

As part of these requirements, the PPF has issued a [document](#) which sets out the main categories of information that it publishes. However, it should be noted that the document does not provide an exhaustive list, as new and updated information are added to the website regularly. The PPF also notes that there are certain limitations on the information that it can publish, for example information which is "restricted information" under the Pensions Act 2004.

THE PENSIONS REGULATOR

Survey of DC pension scheme members

TPR has published a [report](#) outlining the key findings from its 2012 survey of DC pension scheme members.

The survey focused on both active and deferred members of workplace DC schemes, as well as those who had refused the offer of a work-based pension and those who had recently purchased an annuity. Among the results of the survey, TPR found that:

- 78% of active members consider their personal or occupational pension to be a main source of their retirement income;
- 15% of active members did not know that the pension income from a DC pension cannot be guaranteed because its value depends on investment performance and annuity rates;
- 45% of active members had looked at the value of their pension fund or their forecast income in the last 12 months;
- 81% of deferred members had ensured that their scheme held the correct contact details for them;
- affordability of contributions and short job tenure were cited as the main reason for declining the offer of a DC work-based pension; and
- 65% of recent annuity purchasers were aware that their health and lifestyle could have entitled them to an increased annuity.