

27 June 2011

## At a glance

### LEGISLATION

- Pensions Bill 2010-11

### DEPARTMENT OF BUSINESS, INNOVATION AND SKILLS

- Review of equity investment

### DEPARTMENT FOR WORK AND PENSIONS

- Regulatory differences between occupational and workplace personal pensions: Call for evidence to prepare for automatic enrolment

### EUROPEAN UNION

- European Insurance and Occupational Pensions Authority (EIOPA) appointments

### HM REVENUE AND CUSTOMS

- Pension Schemes Newsletter 47: Update
- Abolition of DC contracting-out: Countdown Bulletin

### NATIONAL ASSOCIATION OF PENSION FUNDS

- Mark Hyde Harrison elected chair of NAPF

### NATIONAL EMPLOYMENT SAVINGS TRUST

- Retirement panel providers announced

### PENSIONS MANAGEMENT INSTITUTE

- PMI Terminology Guide: New edition published
- Susan Andrews elected president of the PMI

### PENSIONS OMBUDSMAN

- Corporate Plan published

### THE PENSIONS REGULATOR

- Fifth governance survey published

### THE PENSIONS ADVISORY SERVICE

- TPAS appoints six new fellows

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)

**BIS:** Department for Business, Innovation and Skills

**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

**PMI:** Pensions Management Institute

**PPF:** Pension Protection Fund

**TPAS:** The Pensions Advisory Service

**TPR:** The Pensions Regulator

---

## LEGISLATION

### Pensions Bill 2010-11

During the [Second Reading debate](#) of the Pensions Bill in the House of Lords on 20 June 2011, the Government confirmed its commitment to the timetable for increasing state pension age for women.

Despite substantial opposition to the proposal to accelerate the increase of the state pension age for women to 65, the Government still intends this to be achieved by 2018. It will, however, consider transitional measures to assist those women who will be most affected by the change.

## DEPARTMENT OF BUSINESS, INNOVATION AND SKILLS

### Review of equity investment

In a [speech](#) to the Association of British Insurers (ABI) on 22 June 2011, the secretary of state for BIS, Vince Cable, announced the launch of a review into UK equity investment and its impact on corporate governance.

The review is to look at ways to encourage a greater focus on long-term investment. Economist Professor John Kay will conduct the review.

Mr Kay, with the support of an expert panel, will examine investment in UK equity markets and its impact on the long-term performance and governance of UK quoted companies. He will look at behaviour along the investment chain: from company boards, to pension funds, advisers and fund managers and to ultimate beneficiaries. He will also consider what is needed to make sure that the UK can be the home to successful companies, with access to the capital they need to deliver reasonable returns.

Mr Cable noted that "it is especially urgent that we work out how the equity investment regime can be recalibrated to support the long-term interests of companies as well as underlying beneficiaries, such as pension fund members".

## DEPARTMENT FOR WORK AND PENSIONS

### Regulatory differences between occupational and workplace personal pensions: Call for evidence to prepare for automatic enrolment

In January 2011, the DWP issued a [call for evidence](#)<sup>1</sup> to review the regulatory differences between trust-based occupational pension schemes and contract-based workplace personal pensions.

In 2010, the report of the independent review team on Government plans for the introduction of automatic enrolment, "[Making automatic enrolment work](#)"<sup>2</sup>, recommended an urgent review of "the scope for regulatory arbitrage between the trust and contract based regulatory environment."

As a result the consultation sought evidence and views on:

- whether regulatory differences could influence behaviour in a way which may jeopardise the workplace pension reforms' objectives of increasing persistent saving for retirement; and
- for each issue identified, what the possible solutions could be to help ensure automatic enrolment is successful and that the pensions industry is supported by an appropriate legislative framework.

On 27 June 2011, the Government published a [response](#) to this call for evidence. The response indicates that proposals to address short service refunds, small pension pots and transfers will be put forward by the Government later this year to ensure that variations in scheme rules do not result in people failing to save. In the meantime employers are encouraged not to make their decision about scheme type on the assumption that short service rules will continue to exist in their current form.

[Press release](#)

## EUROPEAN UNION

### European Insurance and Occupational Pensions Authority (EIOPA) appointments

EIOPA was established as a result of the reforms to the structure of supervision of the financial sector in the European Union. It is part of the European System of Financial Supervision and is an independent advisory body to the European Parliament and the Council of the European Union. Among its core responsibilities are the pension scheme members and beneficiaries.

EIOPA has recently announced the election of Chris Verhaegen (Belgium) as Chair of the Occupational Pensions Stakeholder Group and Benne van Popta (Netherlands) as Vice-Chair.

The stakeholder group was established in March to facilitate EIOPA's consultation with stakeholders in Europe on guidelines and recommendations that apply to the insurance and occupational pensions industry.

The stakeholder group consists of 30 representatives of companies, consumer groups, trade bodies and academics. In the Occupational Pensions Stakeholder Group, Chris Verhaegen and Benne van Popta are both industry representatives.

[EIOPA Press Release](#)

---

<sup>1</sup> For details see 7days dated 31 January 2011

<sup>2</sup> Published 27 October 2010

## HM REVENUE & CUSTOMS

### Pension Schemes Newsletter 47: Update

We reported in 7 Days on [20 June 2011](#) that HMRC had published Pension Schemes Newsletter 47, which gives an update on a number of developments which are overseen by HMRC Pension Schemes Services.

On 22 June 2011 HMRC published an [updated version](#) of this newsletter to provide additional information on the meaning of expected pension.

### Abolition of DC contracting-out: Countdown Bulletin

HMRC has published the third edition of "[Countdown Bulletin](#)", its newsletter on the abolition of contracting-out on a DC basis.

The newsletter covers: record keeping and transfer forms; payments and recoveries of minimum contributions and age related rebates between 6 April 2012 and 5 April 2015; as well as a general Q&A.

## NATIONAL ASSOCIATION OF PENSION FUNDS

### Mark Hyde Harrison elected chair of NAPF

Mark Hyde Harrison has been elected as the next Chairman of the NAPF.

He will succeed Lindsay Tomlinson whose two year term of office ends at the NAPF Annual General Meeting on 21 October 2011.

Mark Hyde Harrison is Chief Executive of the Barclays UK Retirement Fund. He has been a member of the NAPF Investment Council since 2006 and currently is its Vice Chairman. Mark also serves on the NAPF Board and its Audit & Risk Management Committee.

[NAPF Press Release](#)

## NATIONAL EMPLOYMENT SAVINGS TRUST

### Retirement panel providers announced

On 22 June 2011, NEST announced its Retirement Panel providers.

NEST members will be able to choose to buy an annuity from the panel or shop around on the open market.

The panellists are:

- *Canada Life*: providing both conventional and enhanced retirement income products;
- *Just Retirement*: providing enhanced retirement income products;
- *Legal & General*: providing both conventional and enhanced retirement income products;
- *Partnership*: providing enhanced retirement income products; and

- *Reliance Mutual*: providing enhanced retirement income products specifically for those who smoke.

It is intended that having the panel will make it easy for members to access products suitable for their needs and pot size at competitive rates. Each NEST Retirement Panellist has given a commitment to provide retirement income products on pots from £1,500 upwards. The contracts with these providers will run for ten years.

Members will be able to request quotations, explore the income they would get and then buy from the panel or shop around if they want to. NEST will provide information to members to help them decide what sort of retirement income product might be appropriate for their needs.

[NEST Press Release](#)

## PENSIONS MANAGEMENT INSTITUTE

### PMI Terminology Guide: New edition published

The PMI has launched its eighth edition of its [Pensions Terminology](#) guide, which is a glossary of terms produced in conjunction with the Pensions Research Accountants Group (PRAG).

The idea behind the guide is to encourage all pensions professionals to speak the same language. It is revised and updated periodically to keep it relevant to the current pensions climate.

Pensions Terminology is also accessible online.

[PMI Press Release](#)

### Susan Andrews elected president of the PMI

The PMI has announced the election of Susan Andrews as president of the PMI. Susan will take over from the current President, Mike Sullivan, at the PMI's Annual General Meeting on 7 July 2011.

Susan was elected to PMI Council in 2001, becoming Vice President in 2010 chairing its Membership Committee and acting as a trustee of the Institute's own pension fund. Susan is a Director of Trustee Solutions Limited (a company providing professional independent pension trustee services) and a committee member of the Independent Pension Trustee Group.

[PMI Press Release](#)

## PENSIONS OMBUDSMAN

### Corporate Plan published

The Pensions Ombudsman (which incorporates the PPF Ombudsman) has published its [Corporate and Business Plan](#) for the period 2011-2014.

The plan sets out the Ombudsman's three year strategic review, as well as its planned activities for 2011/12 and a casework forecast.

## THE PENSIONS REGULATOR

### Fifth governance survey published

TPR has published its fifth [governance survey](#) on 21 June 2011.

The survey was carried out by nearly 600 schemes. TPR reports that gains were seen in a number of areas compared with the last report in 2009 but that there were also areas where standards need to improve.

Among other things, TPR's main findings indicate that:

- 96% of schemes believe their trustee boards are governing effectively overall;
- awareness of TPR's record-keeping guidance has risen to 74% (from 48% in 2009);
- small schemes are less confident about their governance: 49% regard their overall governance as very effective, compared with 61% of medium and 74% for large schemes;
- 40% of DC schemes think their overall governance is very effective compared with 65% of DB schemes;
- there is some uncertainty regarding knowledge about, and perceived value for money of, DC scheme charges - one in four DC schemes were unable to judge whether the charges incurred by members would represent value for money;
- communication to members remains a key area for potential improvement. 28% strongly agreed that trustee boards ensure a high standard of member communications and 14% disagreed; and
- the Trustee toolkit is an important learning tool for trustees and 91% of schemes are now aware of it – up from 88%. Nine in 10 users said they found it useful

[TPR Press Release](#)

## THE PENSIONS ADVISORY SERVICE

### TPAS appoints six new fellows

TPAS has announced that six volunteer advisers have been made Fellows of TPAS in recognition of their outstanding service over a number of years.

The new Fellows are Alan Bennet, Wally Burgess, Clive Campion, Frances Corbett, Colin Liddell and Paul Meins.

TPAS also announced that Nathan Robinson had been awarded the title of 'Adviser of the Year' 2010/11. Nathan has been an adviser since 2007.