

With best wishes for a very Happy New Year and because it is a new decade, will you initially excuse?

2000; The new century started with lots of fireworks and embarrassed royal looks at the Millenium Dome! The pensions industry was only just beginning to feel the effect of £5bn p.a. of ACT, the post 1997 compulsory indexation of pensions in payment (LPI 5%), the significant reduction in interest rates with only maverick attention to increasing longevity! We should not however forget the subsequent decade of unprecedented investment in UK education and health, albeit the credit and banking crisis will undoubtedly take more of the history headlines.

2010; The new decade sees the minimum age for early retirement increase from 50 to 55 on 6th April 2010. I suggest this is just the start of a much longer trend to later and more flexible retirement. The constraints of what we can afford to save, our desired standard of living, how long we live and what can realistically be earned by way of investment, can only be balanced by later retirement. It will probably take a decade to be accepted. Your state pension increases by 1% for every five weeks of deferment, the sooner that gets mentioned on Coronation Street the better!

2020; “A week is a long time in politics” was reflected in “a year or two is a long time in banking” as the under rated and forgotten regulators across banking (and pensions) lost out to greed and short term political expediency (again). The new decade however did witness the final few public and private sector employees with long service being able to afford to retire early. The greater awareness of the effect of active brains and active lifestyle also meant that these lucky people had even greater healthy life expectancy than the long cohort with a 1.25% annual improvement predicted by the most prudent of regulatory requirements in 2010. But back to more normal snippets -

Pension Protection Fund (PPF)

The PPF has [confirmed](#) that the 2010/11 levy will proceed as per the September 2009 consultation, no big surprises and the key headlines are –

- £720m is targeted for collection.
- Schemes will again need to be more than 121% funded on their S179 liabilities to avoid the risk based levy.
- The cap on the levy has been halved from 1% of S179 liabilities to 0.5%.

The final aspect will bring tangible saving for the employers close to insolvency, thereby arguably reducing the number of companies tipped into insolvency by unaffordable pension liabilities. Further background and documents are provided in newly revised levy practice [guidance](#).

The Pension Regulator’s (TPR) Trustee Register

This [consultation](#) should come as no great surprise given TPR’s remit to improve pension scheme administration and governance. Putting your own house in order, clearly suggests that TPR has to be concerned that however legally debateable the register may be in terms of direct endorsement, TPR could be embarrassed if a register constituent transgressed or was inadequately insured or didn’t maintain appropriate internal controls, especially in respect of administration and governance!

My own response to the consultation will simply question whether one size fits all. There are precedents in the pensions and commercial world where different requirements apply to different sizes of company and pension scheme. My concern is mainly in respect of small schemes being burdened with disproportionately high trustee costs. Competition is rarely served by high regulatory entry and compliance costs, albeit I would concede that similar attention could also equally be applied to actuarial and administrative services!

And finally; I hope your 2010 meetings won’t involve too much juggling of plates, pensions, people or any other issues.

As always, for further comment, assistance, advisory or trustee services, contact me on 07714 064964 or via allan@acmca.co.uk Feedback on Pension Snippets is always welcome. For further details, the full CV, occasional lecture notes and published articles and previous Snippets - visit the web site at www.acmca.co.uk

