## TDC News, 20 September 2018

### Governance of small schemes

On 10 September 2018, the Pensions Regulator published new research on governance standards for DB pension schemes. The Regulator states “smaller schemes tend to display poorer governance standards, with trustees placing less emphasis on assessing the fitness and propriety of new trustee board members. They also perform worse than larger schemes on meeting the principles of the Regulator’s funding code, particularly around taking and managing risk.” As part of its new regulatory approach, the Regulator is stepping up its proactive involvement with smaller schemes to assess their performance in key risk areas, including governance, covenant, investment and funding. We are attending a seminar in November to hear about this greater engagement with small schemes by the Regulator and will provide a further update to you then. In the meantime, we encourage all trustees and employers to establish an Integrated Risk Management (IRM) framework for their scheme.
http://www.thepensionsregulator.gov.uk/press/most-db-savers-in-well-run-schemes-but-tpr-acts-to-address-issues-in-small-schemes.aspx

### PPF Levy 2018-19

We are starting to receive the invoices for the PPF Levy 2018-19 for our clients’ schemes. As in previous years, the range in the amount of the levy is wide for schemes of a similar size. Some well funded, low risk schemes have a zero risk based levy whereas schemes with a big deficit and a weak sponsoring employer can have a six figure levy that is close to the amount they pay in deficit reduction contributions each year. We will check the calculation of the levy amount for all our clients. Trustees and employers are reminded to pay the levy within 28 days of the date of the invoice.
https://www.pensionprotectionfund.org.uk/levy/aboutlevy/Pages/AbouttheLevy.aspx

### Don’t let a scammer enjoy your retirement

The Pensions Regulator and the Financial Conduct Authority (FCA) have linked up to launch a new campaign to raise awareness of pension scams. The ScamSmart advertising campaign (https://www.fca.org.uk/scamsmart) targets savers aged between 45 and 65 and is warning them to avoid one of the scammers’ most commonly used tactics, the offer of a free pensions review. The latest leaflet for pension scheme members is available on the Regulator’s web site.
http://www.thepensionsregulator.gov.uk/docs/pension-scams-booklet-members.pdf

### Consolidation of DB schemes

There have been some recent press headlines about the first two entrants in the DB pension scheme consolidation market. The Pensions Superfund has lost its main financial backer and its CEO only seven months after launch but is on the verge of a deal to bring in its first scheme. And Clara Pensions (named after the wife of one of its founders) has announced the names of its independent trustees and intends to formally launch later this year. These consolidation vehicles want to scale up fast and are therefore targeting schemes with over £200m of liabilities (the Pensions Superfund) and schemes within the £100m to £300m range (Clara). Does this mean that small schemes will be left behind if consolidation takes off? We prefer to describe it as more small schemes having the opportunity to receive high quality, cost effective services that are right for their circumstances.

### Bigger but not better

News of further consolidation, but this time in the actuarial consultancy market. The US parent firm of Mercer is to acquire all of Jardine Lloyd Thomson (JLT), which includes an Edinburgh office delivering pension scheme administration and actuarial services. By next year, the big three actuarial consultancies in the UK will be Mercer, Towers Watson and Aon Hewitt, all with over £300m of annual fee revenue. TDC is more modest in scale but will continue to focus on making it easy for trustees and employers to manage their DB pension schemes.
https://tdcdb.co.uk/