



**TDC News, 30 October 2018**

### **GMP equalisation**

Last Friday, the High Court ruled in a case involving the pension schemes of Lloyds Bank and the unequal calculation of Guaranteed Minimum Pension (GMP) benefits for women and men. The ruling has far reaching consequences for employers and trustees of contracted out schemes as it confirms that trustees have a legal obligation to address GMP inequality. Trustees will need to take legal advice on this issue ahead of planning a GMP equalisation exercise, which will involve detailed benefit calculations for many members of their scheme. However, there is no need for immediate action by trustees as the DWP is expected to issue further advice on GMP equalisation before the end of 2018. A TDC Technical Note on GMP equalisation will be available shortly.

### **Chancellor's Autumn Budget Statement, 29 October 2018**

Yesterday's Budget had no notable announcement impacting on private sector DB pension schemes. Also, the regularly anticipated reduction of pension tax relief for high rate tax payers did not materialise.

### **PPF Levy**

The deadlines for payment of this year's invoices for the PPF Levy are fast approaching. If you have not yet paid the 2018-19 levy, I urge you to do so within 28 days of the date of the invoice to avoid late payment interest being added.

Looking ahead to next year's levy, the PPF estimates a total levy amount of £500m down from £550m this year. Please note that this does not mean an approximate 10% reduction to all levy invoices.

This estimate is included in the PPF's consultation on the calculation of the 2019-20 levy.

[www.pensionprotectionfund.org.uk/DocumentLibrary/Documents/2019-20%20Levy%20Consultation%20Document.pdf](http://www.pensionprotectionfund.org.uk/DocumentLibrary/Documents/2019-20%20Levy%20Consultation%20Document.pdf)

The consultation proposes no change to the levy scaling factor and the scheme based levy multiplier. Schemes with a Type A or Type B contingent asset may have to re-execute their arrangement using standard PPF forms before 31 March 2019.

### **Inflation rates in September 2018**

In the year to September 2018, the CPI annual inflation measure rose by 2.4% and the RPI rate rose by 3.3%. The September CPI and RPI rates are used extensively by pension schemes to increase benefits in the following year.

### **DB transfers**

On 4 October 2018, the FCA published a policy statement (PS18/20) with new rules and guidance on improving the quality of pension transfer advice.

[www.fca.org.uk/publication/policy/ps18-20.pdf](http://www.fca.org.uk/publication/policy/ps18-20.pdf)

Although of direct relevance to financial advisers who provide advice on DB transfers, the policy statement reminds trustees about the care required when members request a transfer value statement and the advice process that should be followed.