



TDC News, 20 December 2018

Scheme Returns 2019

The Pensions Regulator is issuing emails to trustees to encourage them to start preparing for the annual Scheme Return exercise. A notice for your 2018-19 Scheme Return will be issued in January and there is then a six week timescale for submission, using the online Exchange portal. There are a few minor changes to the detail required this year but nothing of note for DB pension schemes. A set of Q&As about the Scheme Returns is on the Regulator's web site.

<https://www.thepensionsregulator.gov.uk/en/trustees/submit-reports-payments-and-requests-to-us/scheme-return>

TDC will complete and submit the Scheme Returns for all of our clients. The Regulator is likely to issue regular reminder emails during the six week period but please be assured that we will submit your Scheme Return before the deadline.

RPI v. CPI inflation

Disputes over the use of RPI inflation continue to take place, with two recent court cases ruling on the appropriate inflation measure to use to increase benefits in a DB pension scheme. Last month, the Supreme Court upheld the lower Courts' decisions to prevent the children's charity Barnardo's from switching from RPI to CPI inflation and earlier this month, the Court of Appeal ruled that a section of the BT Pension Scheme has to continue using RPI for increases to pensions in payment. As is usual for these disputes, it is the specific wording of each scheme's rules that will determine which inflation measure is appropriate.

PPF Levy 2019-20

Last week, the PPF published its final levy rules for the 2019-20 levy year. The PPF expects to collect total levies of £500m next year, down from the expected total of £550m this year, although this does not mean 10% lower levies for all schemes. Trustees are encouraged to review the levy details for their scheme in Q1 2019 ahead of the usual end March and end April 2019 submission of information deadlines.

<https://www.ppf.co.uk/press-releases/ppf-confirms-levy-determination-201920>

Purple Book

On 3 December, the PPF published the 13th edition of its Purple Book, a comprehensive analysis of the risks being faced by the 5,450 (PPF eligible) DB pension schemes in the UK. 1,934 of these schemes are small with fewer than 100 members and 2,392 are medium sized with between 100 and 1,000 members. The proportion closed to future benefit accrual is low, at 41%, compared to over 90% for TDC's clients. On the scheme funding statistics, it is interesting that the PPF is saying ".....the average recovery plan length remains stubbornly high at 7.8 years."

<https://www.ppf.co.uk/press-releases/ppf-purple-book-reveals-significant-risk-defined-benefit-universe>

Investment consultants market investigation

The final report of the Competition & Markets Authority's investigation into the investment consultancy market was published on 12 December. The headline findings include a low level of engagement by some pension scheme trustees in choosing and monitoring their provider of investment services and it is difficult for trustees to access information to assess the quality of investment consultants. The report proposes a number of changes, including the requirement for trustees to tender when they first purchase fiduciary management services and set objectives for their investment consultants, in order for trustees to assess the quality of the advice they receive. A useful summary of the CMA report can be found here.

https://assets.publishing.service.gov.uk/media/5c0fee93e5274a0bc6db7416/ICMI_final_report_overview.pdf

Consolidation of DB schemes

On 7 December, the DWP published a consultation on a number of measures to support the consolidation of DB pension schemes. In particular, the DWP is seeking views on a new legislative framework for authorising and regulating DB superfund consolidation vehicles.

<https://www.gov.uk/government/consultations/defined-benefit-pension-scheme-consolidation>

TDC will publish commentary about the relevance of superfunds for small DB schemes in the new year.

Sleep in the Park

Thank you very much to those of you who sponsored the team from TDC (Sandra, Ann Marie, Sinead, Ashley, Kate, Katrina, Mike, Graeme) who slept out in Kelvingrove Park in Glasgow on 8 December as part of Social Bite's Sleep in the Park event. The aim of this initiative is to end homelessness in Scotland. We are very pleased to have raised over £1,500 so far. It's not too late to support our fundraising so if you do wish to donate, you can do so online here.

<http://uk.virginmoneygiving.com/team/team-tdc>

You can find out more about Sleep in the Park at <https://www.sleepinthepark.co.uk/>