





Steve Webb

## Pensions Minister proposes further changes

Pensions Minister Steve Webb has floated the idea that existing pensioners should be able to cash in their annuities, in order to have the same flexibilities as will be available to new retirees after April 2015. The government has already announced that beneficiaries under a joint life annuity will be able to receive future payments tax free where the annuity holder dies before age 75, consistent with the treatment for post 2015 drawdown arrangements. Neither of these changes are likely to apply to defined benefit schemes.

## ACA survey of smaller firms

The Association of Consulting Actuaries (ACA) has published a survey report into pension savings at smaller employers (those employing 1-249 employees). The report found that most employers were auto-enrolling employees that were not previously in pensions into a multi-employer scheme such as NEST with contributions at or close to the minimum rate of 1%. Most employers with pre-existing schemes have kept those arrangements for existing employees, although 15% have closed them in favour of new arrangements.

The report also calls on the government to review auto-enrolment policy after the election to avoid potential financial difficulties for smaller employers caused by the increases to minimum contributions scheduled for 2017 and 2018. A copy of the report is available at [www.aca.org.uk](http://www.aca.org.uk).

## Company news

The trustees of the Nortel Networks UK Pension Plan, supported by the Pension Protection Fund, have secured £340m of funding from failed Canadian parent company Nortel Networks Limited (NNL) but have failed in their attempts to secure further funding based on the Financial Support Direction served by the Pensions Regulator on NNL (and other Nortel group companies) in 2010.

Tesco has announced plans to close its defined benefit scheme to new and existing members as part of a raft of measures aimed at savings the company £250m per year. The scheme has around 350,000 members, of which around 200,000 are current employees.

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*“Whilst in the longer-term we are of the view that average pension and savings rates must increase, in the near-term the Government may need to be pragmatic”*

*ACA Chairman, David Fairs*

