



Her Majesty The Queen

PPF consults on next triennium

The Pension Protection Fund (PPF) has launched a consultation on its plans for the levy over the next triennium (2015/16 to 2017/18). The key change is the introduction of a new, PPF-specific insolvency risk model developed by Experian. This model results in a significant redistribution of the levy of around £230 million, with more levy payers seeing a fall in their levy than an increase. The consultation seeks views on whether schemes facing a significant increase should be given some form of transitional protection (which would be paid for by an increase in the scheme-based levy multiplier).

The consultation also proposes new approaches for the treatment of asset backed contributions, parental guarantees and associated last man standing schemes.

Queen's Speech 2014

The Queen's Speech on 4 June included two Pensions Bills, one to give effect to the changes to the pension tax rules announced in the Budget and the other to enable 'defined ambition' schemes, that share more of the risk between parties.

In particular, the Bill would enable 'collective' schemes that pool risk between members, potentially giving greater stability around pension outcomes – although it is fair to say that the initial reaction was lukewarm!

Meanwhile, the Pensions Act 2014, which will bring into force the single tier state pension, abolish salary-related contracting-out and enable a framework for state pension age to be reviewed in future, has received Royal Assent. The Act also introduces the Pensions Regulator's new statutory objective to minimise any adverse impact on the sustainable growth of an employer when applying its scheme funding powers (see item overleaf).

Company news

Pension Insurance Corporation (PIC) has concluded a pension insurance buy-in with the Trustee of the Total UK Pension Plan. The transaction covers £1.6 billion of pensioner liabilities, representing 60% of the plan's total liabilities.

This Update should not be relied upon or taken as an authoritative statement of the law. For more information, please contact us using the details shown.

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"In the vast majority of circumstances, trustees and employers should be able to agree funding plans that both benefit the business and strengthen the scheme's long term security"

Interim chief executive of the Pensions Regulator, Stephen Soper

