

# Pensions Bulletin

Summer 2010 Issue 8

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## Emergency Budget: impact on pensions

George Osborne's Emergency Budget, announced on 22 June 2010, contained a number of measures relating to pensions. A summary of the main points is provided below:

- The basic State Pension will be increased by a 'triple guarantee' i.e. in-line with the highest of the increase in earnings, prices or 2.5% from April 2011.

*Please note that after 2011, the prices measure will change from the Retail Prices Index to the (currently lower) Consumer Prices Index.*

- The State Pension Age is expected to rise to age 66 sooner than the current timescale of 2024-2026. This is dependent on the outcome of a review this Autumn.
- The Default Retirement Age of 65 will be phased out from April 2011, subject to a short consultation.
- Rules that require people to buy an annuity at age 75 will end from April 2011. Again, a short consultation will take place before this change is implemented.
- Pensions tax relief for high earners will be restricted. This will be done via the reduction of an individual's 'annual allowance' rather than the complex approach outlined by the previous government.
- A review of the requirements for employers to auto-enrol staff into a pension scheme from 2012 is underway. We will know the outcome of the review by 30 September 2010.
- A fundamental structural review of public service pensions will take place in time for the 2011 Budget.



Fact Sheet 1, [click here](#), provides more details about the Emergency Budget and is available on our website (details on page 4).

## The Pensions Trust will be present at...

- NHF Social Housing Exhibition, 22-24 September 2010.
- ACEVO Annual Conference, 11 November 2010.
- NHF Board Members' Exhibition, 4-6 February 2011.

Further information on these conferences and exhibitions is available on our website at [www.thepensionstrust.org.uk](http://www.thepensionstrust.org.uk) > News, Media & Events > Events



The Pensions Trust

## The Pensions Trust appoints new Chair

The Pensions Trust is pleased to announce the appointment of Sarah Smart as the new Chair of its Trustee Board, effective from 13 April 2010.

Sarah joins the Trustee Board with considerable past experience. She has served as a Trustee for a number of both public and private sector schemes, and is currently Trustee Chair of the Macmillan Cancer Support Pension Scheme and a Board Member of the London Pensions Fund Authority.

Sarah also brings considerable investment experience to the Board, having spent nine years with Standard Life Investments, where she was latterly responsible for building the infrastructure to support a multi-billion pound liability driven investment business.

In her new position as Chair of the Trustee Board of The Pensions Trust, Sarah will be playing a pivotal role in leading the Board and creating the conditions for overall Board effectiveness.

In addition, and following on from the election of Member and Employer Nominated Directors, the Trust has further strengthened the make-up of the Board with Clare Smith joining as a Member Nominated Director, together with the re-election of Stephen Duckworth as an Employer Nominated Director.



Further information about the Trustee Board can be found on our website [www.thepensiontrust.org.uk](http://www.thepensiontrust.org.uk) > [About Us](#) > [Board of Directors Profiles](#).

## Trust meets US delegation

The Pensions Trust met a group of US government officials in March 2010 to discuss the issues important to multi-employer defined benefit schemes in the UK today and the outlook for the future.

The delegation had been asked by Congress to look at the multi-employer pension plan structures of other countries and to learn what practices may have applications to the US multi-employer model. As a major provider of this type of pension scheme in the UK, the delegation was keen to hear the real-life experiences of the Trust's schemes and employers.

Both parties found the meeting very informative and the delegation thanked the Trust for its participation in their research project.

## All staff must join a pension scheme

Employers must automatically enrol all of their eligible staff into a pension scheme from 2012. This will be done in stages and is dependent on the number of PAYE workers an employer has, as shown in the table below.

Number of PAYE workers	Staging date
6,000 - 9,999	1 April 2013
4,100 - 5,999	1 May 2013
4,000 - 4,099	1 June 2013
3,000 - 3,999	1 July 2013
2,000 - 2,999	1 August 2013
1,250 - 1,999	1 September 2013
800 - 1,249	1 October 2013
500 - 799	1 November 2013
350 - 499	1 January 2014
250 - 349	1 February 2014
240 - 249	1 April 2014
150 - 239	1 May 2014
90 - 149	1 June 2014
50 - 89	1 July 2014

Employers with less than 50 staff have a staging date between 1 March 2014 and 1 February 2016, depending on the last two characters in the employer's PAYE Reference Number.



Fact Sheet 2, [click here](#), provides more details about the auto-enrolment requirements and is available on our website.

## Growth Plan update

### Funding update results

A letter was issued on 19 May 2010 to all Growth Plan employers providing each employer with their estimated share of the Growth Plan's buy-out deficit (i.e. debt on withdrawal) as calculated as at 30 September 2009. An update from the Scheme Actuary of the estimated position as at 31 March 2010 was also included in the letter.

### Employer Forums

The Trust can confirm that no Growth Plan Employer Forums will be held this year. This follows our advertisement in the Spring 2010 issue of the Bulletin, to which we have only received two responses expressing interest in attending such a forum.

## New investment service from The Pensions Trust

The Pensions Trust is pleased to inform all its participating organisations of the impending introduction of its new investment service. David Adkins, the Trust's recently appointed Chief Investment Officer will lead the implementation of the service, which will be phased in over the next 12 months.

The Trust's Investment Committee has agreed to the introduction of the following key features of the new investment service:

- greater ability for investment strategy to be tailored to individual pension schemes;
- incorporation of employers' views into investment strategy (subject to non-violation of the Trustee's core investment beliefs);
- ability to diversify across a wider range of asset classes;
- timely introduction of good ideas into investment portfolios;
- improvement of the employer consultation process;
- introduction of policies related to asset-liability risk management (e.g. interest rate and inflation risks); and
- ability to reduce risk (quickly) as and when scheme funding/solvency levels improve.

Investment Seminars are due to be held in Autumn 2010. Further information on these seminars and the above features will be available in due course.

David, a Fellow of the Institute of Actuaries, has over 20 years experience in Investment and Actuarial Consulting. Formerly at Towers Watson, he held the position of Senior Investment Consultant for 12 years and previous experience includes positions held at Buck Consultants and WF Corroon.

## Are you accounting for your pension scheme correctly?

The Pensions Trust is calling for all employers that participate in the Growth Plan (the Plan) to check how their organisation discloses the Plan in their annual accounts.

Recent experience at the Trust has highlighted that employers need to review their accounts to ensure that the Plan is accounted for correctly. This is particularly necessary for organisations that participated in the Plan prior to October 2001; service before this date is classed as defined benefit (DB) and therefore must be accounted for in-line with other multi-employer DB pension schemes.


## Pensions: the best way to save for retirement

44% of staff believe that pensions are the best way to save for retirement, a recent Workplace Pensions Survey from the National Association of Pension Funds (NAPF) reveals. This is an increase of 8% from the NAPF's 2009 survey.


Pensions are rated well ahead of property (chosen by 18% of staff), ISAs (10%) and bank accounts (7%), all of which are less popular than they were last year.

Other findings of the survey included:

- 38% of staff consider pensions as the most important employer benefit on top of their basic salary. Bonuses (19%) and flexible working (13%) were the next most important benefits.
- 28% of staff said that their employer was the most trusted pension provider. The Government (17%) and insurance companies (9%) were the next most trusted providers.
- 17% of staff who are saving into a pension intend to increase their contributions over the next year – a 10% increase compared to previous surveys. 8% of staff intend to reduce their pension saving.
- 75% of staff view an employer who offers a workplace pension scheme more positively, compared to an employer who does not.

 For more details about the NAPF Workplace Pensions Survey, go to [www.napf.co.uk](http://www.napf.co.uk) > [Archive](#) > [Policy](#) > [Reports and Responses to Consultations](#) > [2010](#).

Employers can obtain a suggested Growth Plan accounting Disclosure Note from our website [www.thepensiontrust.org.uk](http://www.thepensiontrust.org.uk) > Document Library > Scheme Literature > Growth Plan Series 3 > Employer Literature. This note provides comprehensive details of the Plan, together with information about the 'debt on withdrawal' rules that apply when an employer does not have any employees that are actively paying pension contributions.

 Full details about the 'debt on withdrawal' rules can be found on [Fact Sheet 3](#), [click here](#), available on our website.

## Charity workers want more ethical pension investments

72% of charity workers believe investment in companies which operate responsibly is one of the most important factors for pensions, a recent survey undertaken by The Pensions Trust shows.

The survey also revealed that:

- younger people feel more strongly about ethical investing, with 83% of those under 35 showing a moderate to high interest, compared to 61% of those over 65;
- 76% of women believe ethical investment is important, compared to 66% of men;
- the size of pension pot at retirement is the most important factor, followed closely by investment in ethical companies;
- the areas of ethical investment that respondents are most concerned about are weapons, pornography and child labour;
- 83% of charity workers want companies to help improve the standards of living for people in the developing world; and
- 61% of respondents are likely to invest more responsibly in the future.

Overall, the survey shows that ethical investment is becoming an influential and key deciding factor for people choosing their pension funds. At The Pensions Trust, we are currently looking into ways we can upgrade our offering to make responsible investment a key element of our pension schemes.

The Trust, working with Queen Mary, University of London, carried out the survey in December 2009, one of the largest surveys of charity workers' views on pensions in the UK.

A total of 1,041 members of The Pensions Trust's defined contribution pension schemes participated in the survey.



Fact Sheet 4, [click here](#), provides more details about the Ethical Investment Survey and is available on our website.

## Champion status for the Trust

The Pensions Trust has achieved the esteemed title of Investors in People Champion in acknowledgment of the commitment to improving performance through its people.

Carole Reid, Chief Executive of the Investors in People Centre for Yorkshire & Humber said; 'Achieving Investors in People Champion status recognises that an organisation is truly world class in how they lead, manage and develop their people.'

With less than 45 Champions nationally, the Trust joins a prestigious group of organisations, all of which promote and champion Investors in People through best practice activities.

The Champions scheme recognises and rewards organisations who have been outstanding in promoting the values and principles of Investors in People, leading by example in the way they manage and develop their staff.

The Trust is looking to use its new Champion status to share and learn from experiences, support continuous improvement in its staff and encourage other organisations in the region to be at the cutting edge of good people management practice.

To become an Investors in People Champion all applicants must hold the Investors in People Gold Standard, an accolade the Trust received in December 2009.

*The Pensions Bulletin is a newsletter from The Pensions Trust. It can be viewed electronically on our website [www.thepensionstrust.org.uk](http://www.thepensionstrust.org.uk) > Document Library > General Literature > Pensions Bulletin for Employers.*

*The content of Pensions Bulletin is a summary of recent developments and is not intended to be comprehensive. Readers should contact their regular Account Manager at The Pensions Trust in relation to their own circumstances or refer to source material, as appropriate.*

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