

Pensions Bulletin

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No increase to admin costs for 2nd year running

The Pensions Trust is pleased to report that there will be no increase to the unit administration costs for your pension scheme for the second successive year.

As reported in Issue 6 of the Pensions Bulletin, there was no increase to unit administration costs for the year to 30 September 2010. This was despite average UK pension administration costs increasing by 20%, according to a survey published earlier in 2009 by Watson Wyatt.

The freeze on unit administration costs at the Trust has now been extended for an additional 12 months to 30 September 2011. However, the Trust may revisit this decision mid-year if inflation increases by more than 5% over the year.

Trust achieves information security standard

The Pensions Trust is pleased to announce that in October 2010 it achieved the ISO 27001 standard for information security following a successful external audit.

Internationally recognised as the benchmark for good information security, the standard specifies requirements for organisations to show that they have robust systems to manage and control data security risks. This includes strict policies and procedures dealing with the confidentiality of our data and systems.

In support of gaining the ISO 27001, the Trust has recently implemented new software that will help identify any erroneous data held in our administration system.

The software, called 'Data Audit and Reporting Tool' (DAaRT), enables the Trust to:

- analyse the quality of data held;
- address inconsistencies or gaps within the data; and
- identify data anomalies, risks and related impacts.

DAaRT also satisfies the data quality requirements set by The Pensions Regulator, which will be enforced by December 2012. The Trust will also use DAaRT to continuously assess and report on the quality of the data we hold, going beyond the minimums imposed by the Regulator.

The Pensions Trust will be present at...

- 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.thepensiontrust.org.uk > News, Media & Events > Events



The Pensions Trust

Trust implements new ethical investment strategy

The Trustee of The Pensions Trust has agreed that from early 2011, contributions to the Unitised Ethical Plan (UEP) will be invested as follows:

<i>Asset Class</i>	<i>Allocation %</i>	<i>Fund</i>
UK Equities	21.5	F&C Stewardship Fund
Global Equities	43.5	F&C Stewardship International Fund
Total Equities	65.0	
UK Corporate Bonds	21.0	F&C Ethical Bond Fund
Fixed Interest Gilts	14.0	F&C Retirement Annuity Fund
Total Bonds	35.0	

Following this, UEP will be renamed The Ethical Fund and existing assets in the UEP will be transferred to The Ethical Fund later in 2011.

The new more diversified strategy aims to deliver an underlying objective of achieving above inflation asset growth from ethical investments, with acceptable volatility.

This change followed a review of the suitability of UEP's existing investment strategy, which is only invested in F&C's Stewardship Fund and which has a pronounced smaller-company bias that can lead to significant short-term volatility. The Trustee therefore agreed to implement the above strategy in order to reduce volatility, whilst retaining exposure to ethical investments.

The review was prompted by the results of a survey undertaken by the Trust earlier this year. As reported in Issue 8 of the Bulletin, the survey of charity workers showed that whilst the size of pension pot at retirement is still the most important attribute for pensions, it is closely followed by investment in ethical companies.

A new investment option which mirrors the above strategy will also be made available within the Trust's Flexible Retirement Plan in early 2011. This new investment fund will be called the 'Diversified Ethical Fund'.

CPI/RPI: Proposed Government change

The Government has recently announced that, subject to consultation, future increases for occupational pensions will be in line with the Consumer Prices Index (CPI). Currently statutory increases are made in line with the Retail Prices Index (RPI).

As reported in Issue 8 of the Bulletin, the June 2010 Emergency Budget announced that after April 2011 certain public sector pension increases will change from the RPI to the (currently lower) CPI. This has now been extended to private occupational pensions.

Whilst no firm decision has yet been made, the Government is currently considering how any proposed legislation would work in practice to address this change.

Indeed, there remains a great deal of uncertainty as to how the change will be implemented and the precise impact for schemes within The Pensions Trust will depend on how legislation is eventually written.

Further updates on this change will be reported in future issues of the Bulletin, as and when announcements from the Government are made.

Trust reviews governance structure

The Trustee Board of The Pensions Trust has carried out a review of its governance structure.

As a result of the review, the Board has agreed to delegate more operational tasks to the Trust's officers and its following three key sub-committee groups:

- Audit & Compliance Committee.
- Business Planning, Remuneration & Appointments Committee.
- Investment Committee.

The impact of this will be a quicker decision making process, such that the Trust is in a better position to react to change. This also frees up time at Board meetings to focus on strategic issues.

An additional step taken by the Board was to set up a Strategic Investment Opportunities Group which is tasked with researching new investment ideas. This was done in recognition that greater flexibility was needed to exploit short-term investment opportunities.

Overall, the review was done with the aim of the Trust becoming a more efficient decision making body and participating employers should see the benefits of these changes in the months and years ahead.

PPF proposes new levy calculation

The Pension Protection Fund (PPF) has issued a consultation document that proposes a new calculation basis for its annual levy on defined benefit pension schemes.

Under the proposals, the PPF plans to:

- fix the levy rules for three years at a time;
- use average measures for both underfunding and insolvency risk; and
- focus more on factors that are in levy payers' control.

The aims of the new levy calculations are to provide greater predictability of each scheme's levy and increase stability, allowing sponsoring employers to plan more confidently into the future.

 Further details about the PPF levy can be found on Fact Sheet 2, [click here](#), which is available on our website.

Register now for quarterly 'withdrawal debt' update

All employers that participate in The Pensions Trust's Growth Plan can now receive a quarterly email update on their estimated 'withdrawal debt' amount.

Registering for this service will help you to monitor the level of your organisation's potential debt.

Every Spring the Trust issues a letter to all participating employers detailing each organisation's 'withdrawal debt' amount at the previous year end, 30 September, together with an update as at 31 March of the current year.

A more regular email service is now available from the Trust to organisations who register their interest to receive a quarterly update.

Please contact Pam Jenkinson at pam.jenkinson@thepensionstrust.org.uk if you are interested in receiving this quarterly update, quoting '**Growth Plan – quarterly update**' in the subject title.



Full details about the employer 'withdrawal debt' regulations can be found on Fact Sheet 1, [click here](#), available on our website.

Growth Plan Employer Consultative Group – update

A new area on The Pensions Trust's website now provides information relating to the Growth Plan Employer Consultative Group (GPECG).

The webpage can be accessed via www.thepensiontrust.org.uk > Document Library > Scheme Literature > Growth Plan Series 3 > Growth Plan Employer Consultative Group.

The following information is held on the GPECG webpage:

- the names of current Group members;
- the names of typical meeting attendees from the Trust; and
- copies of minutes from previous meetings.

There are currently vacancies on the GPECG. Should you wish to be considered for election to the GPECG please contact Karen Parry at: karen.parry@thepensiontrust.org.uk

Alternatively, it may be possible for any Growth Plan employer representative to attend a GPECG meeting as an observer. This would enable you to assess whether you wish to be involved in the Group. Again, please contact Karen Parry to discuss your interest.

Paternoster for sale

The Pensions Trust has been in contact with Paternoster UK Ltd following recent news that the specialist pensions business has been put up for sale.

Paternoster has assured the Trust that their business remains strong and focused primarily on delivering to its policyholders. Paternoster also commented that their portfolio continues to perform well and operationally the business is robust.

In addition, Paternoster is regulated by the Financial Services Authority (FSA) and any sale would only be authorised by the FSA if it strengthens the position for policyholders.

As reported in previous issues of the Bulletin, the Trust selected Paternoster to secure the benefits of 10,500 Growth Plan pensioners in August 2008. Paternoster closed to new business in May 2009.

Successful launch of new SHPS website

The Pensions Trust has recently launched a new website for the Social Housing Pension Scheme (SHPS). This coincided with the introduction of the new defined contribution (DC) structure from 1 October 2010.

The new website, www.shpsdc.org.uk, has been developed as an informative tool for members, prospective members and employers. It includes:

- interactive calculators and animations;
- instructions on the DC membership journey; and
- links to all relevant forms and other sources of DC material.

A number of SHPS employer forums were held in September around the UK, at which attendees were able to see a demonstration of the new website.

The events, which were aimed at HR staff, were all well attended and the feedback received has been excellent, including numerous positive comments about the new website.

To date 208 employers in SHPS have chosen to offer the new DC structure to their staff.

Re-branded versions of the DC website will be available for the Trust's Flexible Retirement Plan and CARE Pension Scheme in due course.

The Pensions Bulletin is a newsletter from The Pensions Trust. It can be viewed electronically on our website www.thepensiontrust.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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