

# FOCUS

## Issue 64 – October 2011

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Talbot & Muir is an independent company providing specialised pensions administration services and technical information for SSASs and SIPPs.

### **Pensions Bill & Scheme Pension**

You may have read in the press that an amendment to the Pensions Bill will “kill off” scheme pension within SSAS and SIPP, as it will cause those schemes to have to comply with legislation designed to protect members of defined benefit schemes (e.g. scheme funding requirements and Pension Protection Fund levies).

It is our view, and the view of the AMPS committee (Association of Member Directed Pension Schemes), that the effects of the draft amendment are not as wide-reaching as has been suggested by some insurance companies (those that can't offer scheme pension due to their trust structure).

In particular, SIPPs are not occupational pension schemes, and as such are exempt from the existing rules on scheme funding requirements and Pension Protection Fund levies for defined benefit schemes. Therefore, both our Elite Retirement Account SIPP and our new Flexible Retirement Account SIPP – which allows members to opt for a Scheme Pension – will not be required to meet these rules as the draft amendment currently stands.

Although SSASs are occupational schemes, they are also exempt from certain regulations affecting defined benefit schemes if they meet several criteria i.e. that they have fewer than 12 members, all members are trustees, and unanimous decision making is in place. All Talbot & Muir SSASs currently in payment of a scheme pension meet these criteria.

The Pensions Bill went through its third reading in the House of Commons on 18th October, and further debate is scheduled for 31st October. Until the Bill has been passed, and we have been able to clarify its effects on our pension schemes, if any, we feel it is prudent for us to delay applications for a Scheme Pension submitted by members of our SSASs or our Flexible Retirement Account SIPP. Applications for income drawdown, including flexible drawdown, are unaffected.

As always, we will keep you updated with any amendments to legislation that affect you or your clients.

We would be delighted to hear from you on any subject relating to SSAS or SIPP. Please contact:

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