



CORPORATE BRIEFING

No.4 January 2008

Pension Scheme Administration

From 16 October 2007 it has been mandatory for scheme administrators of Registered Pension Schemes to file information with the Revenue electronically.

Many principals of firms will have an Executive Pension Plan (EPP) with trustees who have inherited the title and duties without being fully aware of what is required.

It is important, therefore, to ensure that the trustees are made aware of their responsibilities:

- Registering the scheme with the Revenue
- Operating tax relief on contributions under the relief at source system
- Completing the Event Report

- Completing the Accounting for Tax Return
- Completing a Registered Pension Scheme Return and providing accounts
- Providing information to scheme members regarding benefits

The pension simplification rules brought out in April 2006 have removed most of the benefits of an EPP and it is now possible to achieve the same results from a Personal Pension without the onerous reporting requirements.

A review of your own circumstances would establish (a) whether you are fulfilling your duties and (b) whether a change to a Personal Pension would be advantageous.

Staff Eager to Join Pension Schemes

We have been pleasantly surprised by the response we receive when we hold staff meetings within the workplace to explain the workings of a staff pension scheme. These meetings normally last about twenty minutes and each employee is given a pack containing full details of the scheme. Employees are also given the opportunity of a face to face meeting if required.

In situations where the employer is not making a contribution, there has still been a good take-up rate from staff who are obviously eager to make provision for their retirement.

Personal Accounts

The Pensions Bill, which will become the Pensions Act 2008, includes more of the details about the Government's new system of Personal Accounts which will apply to employed persons from 2012.

It confirms:

- coverage for job holders aged between 16 and 75
- compulsory employer and employee contributions applying to income between £5,035 and £33,540
- automatic enrolment into the scheme or an existing employer sponsored scheme that meets certain criteria
- the right of a jobholder to opt out

The requirement for an employer to designate a stakeholder scheme will be removed when Personal Accounts are introduced.

Reduce Absenteeism – Increase Productivity

Debt has never been a bigger issue in the workplace. The UK's personal debt mountain has more than doubled since 2000 to an all-time high of £1,300 billion. Debt is one of the top ten causes of stress which inevitably leads to prolonged periods of absence.

Financial Education for employees covering such topics as – use of credit cards, managing bank accounts, taking out a mortgage and personal loans have proved very helpful and can be arranged for your staff.

It is also perhaps worth considering a group income protection scheme for staff.

For further information please contact:-

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Incapacity Benefit Changes

The Welfare Reform Bill was put on the statute books on 3rd May 2007.

There are currently over 2.7 million people on incapacity benefits. Around 85% of these expect to work again yet many never do.

The present benefits system reinforces this by offering more money the longer someone is on benefits and by requiring people to prove their ongoing incapacity, rather than actively encouraging and supporting people towards a return to work.

The Department of Work and Pensions (DWP) is keen to address these issues and is proposing a range of measures in the following key areas:

1. increasing the number of people who remain in work when they fall sick or become disabled
2. increasing the number of people leaving benefits and finding employment
3. addressing the needs of those who need extra help and support

This approach will be underpinned by a new Employment and Support Allowance (ESA) which will replace incapacity benefit for all new claimants.

You should be aware that investment in securities involves risk. The value can fall as well as rise and you may not get back the full amount invested, particularly in the earlier years.

Taxation: All statements relating to taxation are based upon our understanding of the law and HM Revenue & Customs practice in force at the date of this report. There can be no guarantee that the tax position or proposed tax position at the time of investment will endure indefinitely.