

Pension Scheme Terminations – PPF and Wind Up

Vernon Holgate
Director
Capital Cranfield Trustees Limited

Who is Capital Cranfield?

- Largest Independent UK Trustee Company
- Only provides Trusteeship Services
- Independently Owned
- Specialist Wind Up Office in Nottingham



Delighted to be winners of the Professional Pensions UK Pensions Awards
Independent Trustee of the Year 2007

Trustee Issues

- Incumbent Trustees
- Appointing new (professional) specialist trustees and what they add in value
- The tPR view and appointment process
- DC wind ups

The Wind Up Project – an Overview

- Not a sequential process
- Pace varies with periods of heightened activities
- Takes one into entirely new areas
- PPF a new process?
- Project management

The Actuarial Profession
making financial sense of the future

The *Pre-Assessment* Period

- The PPF Validation Process
- Transfers, Investments, Retirements Lump Sums and Restricting Benefits
- Important to tackle these issues early

The Actuarial Profession
making financial sense of the future

The Real Assessment Period

- The challenges for trustees – familiarity, controls and communications
- Gathering the background information
- Solvent buy-out?
- Insured pensions issues
- The moral hazard dimensions – tPR Special Branch!
- Control – Getting the hands on the levers of power eg the investments, the mandates
- Understanding the communication needs and determining the delivery methods
- GMP reconciliation and data audits

The Actuarial Profession
making financial sense of the future

The Recoveries Issues

- Major and sometimes very pressing issue
- Unpaid (or allocated) contributions and preference debts
- Unsecured debt issues and the role of the trustee and PPF – Section 75 Debt
- Section 75 Debt & Marginally Insolvent Schemes
- The importance of specialist advice e.g. corporate and insolvency

The Actuarial Profession
making financial sense of the future

The Assessment Period - again

- Initial Project Planning for the 'preparation tasks'
- Budget
- Adviser assessment
- tPR Monitoring
- Investment strategy for smaller schemes
- Working with the PPF & the role of the trustees
- The transfer to Capita Hartshead

The Actuarial Profession
making financial sense of the future

The Assessment Period – What they do not tell you in the books

- AVCs
- Early Retirements
- Salary Sacrifice – what is a DC benefit and what is not
- Tax Free Cash Sums (PCLS)
- Triviality
- Bridging Pensions
- Buying Out and Internet Auctions
- The challenge of benefit reductions for pensioners

The Actuarial Profession
making financial sense of the future

The Voluntary Wind Up Sector

- New Players
- Capacity Increased
- Big Stakes in a Big Game
- Wasting their money or do they know something we do not?
- Pension fund sales and the wind ups

The Actuarial Profession
making financial sense of the future

The Financial Assistance Scheme

- A member compensation scheme
- Recently extended in scope
- Financing different to PPF
- Halting Annuitisation Regulations
- PPF v2?

The Actuarial Profession
making financial sense of the future

Summary and Conclusions

- Demanding and evolving area
- Challenging for trustees and professional advisers
- Project planning and communication are key issues
- Will grow and more solvent buy-outs in the future

The Actuarial Profession
making financial sense of the future
