



## **PRESS RELEASE**

### **PENSION EXPERTS ISSUE ALERT ON ANNUAL FUNDING STATEMENTS**

The Society of Pension Consultants (SPC) has warned that the deadline for setting up processes to provide annual funding statements is now pressing.

Annual Funding Statements are part of the package of measures to be introduced by DWP to replace the minimum funding requirement with a scheme funding standard. The statements are required for all schemes with 100 or more members under the EU Pensions Directive, which must be implemented by September of this year. They must be provided automatically to all active, deferred and pensioner members whose benefits are calculated on a defined benefit basis or who enjoy any form of funded underpin.

The statements will need to include:

- ⇒ If available, the funding position at the last full actuarial valuation in relation to the cost of securing accrued benefits with an insurance company
- ⇒ The date by which the trustees expect to have in place the first schedule of contributions under the new funding regulations
- ⇒ A summary of any current recovery plan under the scheme funding standard
- ⇒ A summary of the scheme's investment policy
- ⇒ A summary of the protection offered by the Pension Protection Fund as it relates to the benefits promised by the scheme.

David Barnes, the Chairman of the SPC Administration Committee, said:

“Getting ready for producing the new annual statements is a significant and costly undertaking for the pensions industry and time is now running short for setting up the necessary processes to produce the information.

“It's important that members have an understanding of the funding position of their scheme, but there is a risk that, since the statements have to be issued automatically to all active, deferred and pensioner members, some will be unduly concerned, or confused because they do not properly understand the detailed information which has to be provided.

“Arguably, in schemes where pensions are secured by the purchase of an annuity when benefits come into payment, any negative news on the funding statement will cause needless worry to the members already receiving their pensions.

“I suspect that at present many trustees are unaware of their obligation to provide annual funding statements and many scheme sponsors are probably ignorant of the additional administrative expense this is likely to entail.”

ENDS

For further details

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Release date: June 13<sup>th</sup> 2005

#### NOTES FOR EDITORS

SPC is the representative body for the providers of the advice and services needed to establish and operate occupational and personal pension schemes and related benefits. Its Members include accounting firms, solicitors, life offices, investment houses, investment performance measurers, consultants and actuaries, independent trustees and external pension administrators. SPC is the only body to focus on the whole range of pension related functions across the whole range of non-State provision, through such a wide spread of providers of the advice and services.

The vast majority of the 500 largest pension funds use the services of one or more of its Members. Many thousands of smaller funds and individuals also do so. SPC's growing membership collectively employs some 14,000 staff providing pension related advice and services.