

WS

... censures
... chief exec
... 'anti-union'
... ments

Christian Cheek

... Life chief executive
... Crombie has been urged
... draw or at least clarify
... that seem anti-union.

... Britain's biggest trade
... claims it has recruited
... of Standard Life staff
... the end of last year fol-
... company proposals to
... the final salary pension

... it says remarks by
... that he did not want
... the union representing
... Standard Life staff "smack of

... two sides are already at
... heads over how many
... have joined the union.

... Standard Life says Unite has
... to provide evidence of
... membership. But Unite
... this is confidential and
... ve information which the
... does not provide to any
... er in any circumstance.

... The national officer David
... g said: "Sandy Crombie's
... ents smack of panic and
... ur union busting tactics,
... ill - if not clarified or
... awn - force us to recon-
... ur mature and considered
... ch."

Social housing deficit down

DEFICITS

By Jenna Towler

The Social Housing Pension Scheme has reduced its deficit by £103m in the past two years, its latest valuation reveals.

Figures from the scheme's latest interim valuation show the funding deficit stood at £180m at the end of March - down from £283m in 2005.

The assets of the scheme have increased to £1.65bn - up from £1.27bn in 2005 - while liabilities have increased to £1.83bn from £1.56bn in 2005, and the funding level has improved from 82pc to 90pc.

The multi-employer scheme - which is administered by The Pensions Trust - said: "These results demonstrate a

significant improvement in the funding position since the triennial valuation as at September 30, 2005.

"Strong investment performance has had a favourable effect on the scheme assets. Higher bond yields have also had a favourable effect on the scheme liabilities. However, these have been offset in part by a strengthening of the assumptions for inflation and mortality."

The next triennial valuation of the scheme - which was set up in 1977 and has more than 53,000 members - will be undertaken in September next year.

The increased fortunes of the scheme follow a raft of changes in April this year.

Employers can now choose

from three benefit structures - final salary scheme with a 1/60th accrual rate, final salary with a 1/70th accrual rate, or career average revalued earnings plan with a 1/60th accrual rate. The changes were introduced to help retain benefits in the face of rising costs.

Employers can still operate DB for existing and new employees. However, when the move was announced, The Pensions Trust said around 40pc of employers had opted to offer cheaper provision to new workers.

The trust also said 100pc of employers retained DB arrangements for existing members - with 92pc retaining the existing 1/60th scheme.

Australian firm targets UK market

ONLINE ADMIN

EXCLUSIVE by Nicole Farrell

An Australian firm is planning to "transform" the UK pension market with online administration technology that allows savers to alter funds to reflect lifestyle changes.

Praemium claims its separately managed accounts product enables independent financial advisers to provide clients with funds catering for changing life-

styles in a way that was only previously possible in the private wealth management sector.

Praemium managing director Peter Burtonshaw said its technology would allow IFAs to offer a "low-cost private banking class service".

He said: "An inherent feature of SMAs is the blending of investment models to create target asset allocations. This feature could be used inside a

pension to automatically blend models as often as necessary without any tax implications."

Burtonshaw added: "This powerful technology, which has been highly successful in Australia and the US, will transform the UK investment industry, providing a low cost private banking class service for those financial institutions and IFAs looking to capture or retain their medium-high net worth client base."

Brown to curb unions' policy debate power

GOVERNMENT

By Alex Hamilton

Defeats for the government pensions at its annual conference could be a thing of the past.

Prime minister Gordon Brown is expected to curb the power of trade unions to force motions on controversial issues on to the conference agenda.

In the past, unions have used contemporary resolutions to cause symbolic defeats to party leadership on issues including pensions, employment rights and health policy.

Under leadership plans, contemporary issues will instead be discussed in Labour Party's national policy forum, rather than in full party view.

In 2000 the government suffered a conference defeat over a motion calling for the restoration of the link between pension earnings, when Unison forced a vote on the issue.

Last year delegates backed a GMB motion criticising plans to increase the state pensions at 68 while delaying restoration of the link between pensions earnings.

The motion also urged the government to compensate scheme members who lost their pensions when their employers collapsed.

NEWS FEATURE

How accountants define a surplus

debate about what constitutes an 'available' scheme surplus will run and run, PwC's **BRIAN PETERS**, even with the IASB's just-published, 23-page explanation

International Accounting Standards Board (IASB) has published a 23-page document on what they mean when they describe a pension fund surplus as being "available". Unfortunately, despite their best efforts, clarity is still elusive. So what is this all about and why does it matter?

The International Accounting Standards Board (IASB) requires companies to book the full value of a surplus in their balance sheet as

industry would say that as refunds are seldom "available" you only look to future contribution holidays or reductions.

Under the new scheme funding rules, companies are increasingly being required to fund at levels well above those prescribed by IAS 19, so it is unlikely there is much economic value ascribed to contribution holidays or refunds.

As such, you cannot take credit for a surplus, and so it would seem to follow that surpluses should be written off through

The IASB's interpretations committee was tasked with explaining when surpluses were "available" in the context of a minimum funding requirement. In the UK the scheme funding rules are arguably a type of minimum funding requirement since once a company has agreed to the terms with the trustees it is difficult to change them unless there is a material change in the covenant.

So the IASB was trying to establish whether any of the



have to fund at 120pc of IA levels because of the new scheme funding rules.

As time goes by the pension scheme will eventually pay all the benefits to the members. When the last pensioner dies you will be left with spare assets and no liabilities. The so-called minimum funding requirement ceases to be relevant when there are no obligations.

The only thing to check in this situation is if the rules will permit the spare assets to be returned to the company. If spare assets are returnable the company can book the full surplus now less tax.

Some would say this interpretation is nonsense. It is highly unlikely a company would ever off its pension obligations to a last pensioner. It would be a wind-up earlier