

# Transfers Appendix

## Summary

1. This is an Appendix to the Board's determination under Section 175(5) of the Pensions Act 2004 in respect of the 2010/11 Levy Year.
2. It sets out:
  - (1) in Part A, the Basic Transfer Information and the Actuarial Transfer Information required to be Submitted on Exchange by the trustees of the Transferring Scheme and the Receiving Scheme in accordance with Rules F2.2 and F2.3 in order for the Board to make a determination set out in Rule F2.4 or F3.2, as applicable;
  - (2) in Part B, how actuaries must calculate the Post Transfer Valuation; and
  - (3) in Part C, the Poor Data Methodology for the purposes of Rule F2.5(2) in the event that the trustees fail to do so.

## Part A – What information is required?

1. All information should be Submitted.
2. The trustees of the Transferring Scheme and each Receiving Scheme are required to agree certain information before it can be Submitted. The Board will only accept information as having been Submitted on Exchange if it has been successfully agreed (where Exchange requires this) and then Submitted as at the Measurement Time.
3. Where a Scheme has been subject to more than one transfer (either a Relevant Transfer or a Qualifying Transfer), only one set of Actuarial Transfer Information should be Submitted. The effective date of this Post-Transfer Valuation must be after the date that the liabilities have transferred for all of the transfers.
4. The Basic Transfer Information for the purposes of Rule F2.2 is as follows:
  - (1) The name and Pension Schemes Registration number of the Transferring Scheme;
  - (2) The name and Pension Schemes Registration number of each Receiving Scheme or the name of the insurance company, if applicable;
  - (3) The date of the first transfer payment;
  - (4) The date of the last transfer payment;
  - (5) The amount of the total assets transferred as a result of all transfer payments connected with the transfer.
5. The Actuarial Transfer Information for the purposes of Rule F2.3 is as follows:

- (1) Valuation details of Transferring Scheme and Receiving Scheme which reflect the position of the relevant Scheme post-transfer (a "Post-Transfer Valuation"), comprising the following information:
  - a. Effective date of valuation which must be after the date that the liabilities have transferred.
  - b. Version of S179 valuation guidance used
  - c. Version of S179 assumptions guidance used
  - d. Total assets
  - e. Active members' liabilities
  - f. Deferred pensioners' liabilities
  - g. Pensioners' liabilities
  - h. Estimated costs of winding up
  - i. Estimated expenses of benefit installation/payment
  - j. External liabilities
  - k. Total protected liabilities
  - l. Percentage of assets relating to insurance contracts not included in accounts
  - m. Percentage of active members' liabilities matched by insurance contracts
  - n. Percentage of deferred pensioners' liabilities matched by insurance contracts
  - o. Percentage of pensioners' liabilities matched by insurance contracts
  - p. Proportion of active members' liabilities relating to service before 6 April 1997
  - q. Proportion of deferred pensioners' liabilities relating to service before 6 April 1997
  - r. Proportion of pensioner members' liabilities relating to service before 6 April 1997
  - s. Average age of active members
  - t. Average age of deferred pensioners
  - u. Average age of pensioners
- (2) Certification that the valuation has been carried out in accordance with the Pension Protection Fund (Valuation) Regulations 2005 (the "Valuation Regulations") and with the appropriate Section 179 guidance and assumptions issued by the Board with the following exceptions:
  - a. that the total assets may not have been taken from audited accounts since these were either not yet available or will not be prepared for the Scheme at this date; and
  - b. it is not necessary for the requirement set out in regulation 7(1) of the Valuation Regulations to have been satisfied at the date the information is Submitted on Exchange.
- (3) Certification that the calculated value of the protected liabilities is, in the actuary's opinion, unlikely to be understated and that the value of the assets is unlikely to be overstated.

## **Part B - Calculating the Post Transfer Valuation**

6. The valuation should be carried out in accordance with the Valuation Regulations and with the appropriate Section 179 guidance and assumptions issued by the Board, with the following exceptions:
  - (1) that the assets do not need to be taken from audited accounts if these are not available or will not be prepared for the scheme at the effective date of valuation; and
  - (2) it is not necessary for the requirement set out in regulation 7(1) of the Valuation Regulations to be satisfied at the date of the valuation.
7. The same effective date must be used for the valuation of the assets and the liabilities.
8. The valuation should cover the total assets and liabilities of the Scheme at an effective date after the effective date of the transfer.
9. Allowance should be made only for transfers of liabilities up to and including:
  - (1) 31 March 2009 in the case of a Material Transfer or Qualifying Transfer; and
  - (2) 31 March 2010 in the case of a Full Transfer.

No allowance should be made for transfers after these dates. Transfers after these dates will not influence the amount of the Levies for 2010/11 Levy Year.

## **Part C - Poor Data Methodology**

The Poor Data Methodology for the purposes of Rule F2.5(2) is as follows:

10. The RBL for the Receiving Scheme will be calculated as described in Rule C2 but U will be increased by:
  - (1) two-fifths of the amount of the transferred assets for a Full Transfer that occurred prior to 1 April 2009; and
  - (2) one-third of the amount of the transferred assets for any Material Transfer or for a Full Transfer that occurred after 31 March 2009.
11. The SBL for the Receiving Scheme will be calculated as described in Rule C1 but L shall be increased by the amount of the transferred assets.
12. The Board shall, where and to the extent that it considers appropriate, use its statutory information gathering powers to establish the value of the transferred assets.

13. In the event that the Board has not established the value of the transferred assets under paragraph 12, it shall make such assumptions as to the value of those transferred assets as it considers appropriate. In particular, but without limitation, if the Transferring Scheme has made Relevant Transfers to one or more Receiving Schemes and the Board only has information relating to the assets transferred from the Transferring Scheme, but not the assets received by the Receiving Scheme, the Board may assume that an equal proportion of assets has been transferred to each Receiving Scheme and references in this Appendix to the transferred assets will be to that assumed proportion of those assets.

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