

# Pensions and Employment: Pensions Bulletin

Legal and regulatory developments in pensions

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## I. The Watch List

The Watch List is a summary of some potentially important issues for pension schemes which we have identified and where time is running out, with links to more detailed information. New or changed items are in **bold**.

No.	Topic	Deadline	Further information/action
1.	Information to retiring DC members about the guidance guarantee	6 <sup>th</sup> April, 2015	Template information available on request
2.	Information to transferring DB members about the requirement for independent financial advice	6 <sup>th</sup> April, 2015	<a href="#">This Pensions Bulletin</a>
3.	Requirement to check that independent financial advice received before effecting DB transfers	6 <sup>th</sup> April, 2015	<a href="#">This Pensions Bulletin</a>  <b>Check that scheme rules do not give a right to transfer without advice and amend if necessary</b>
4.	New governance requirements for occupational schemes which have money purchase benefits in them (unless limited to AVCs)	6 <sup>th</sup> April, 2015	Client note dated 24 <sup>th</sup> February, 2015 (updated 2 <sup>nd</sup> April, 2014) available from <a href="#">Lynsey Richards</a>  Note additional requirements for "relevant multi-employer schemes" – see <a href="#">Pensions Bulletin 15/08</a>

5.	Cap on charges in default fund for auto-enrolment qualifying schemes	6 <sup>th</sup> April, 2015	Client note dated 24 <sup>th</sup> February, 2015 (updated 2 <sup>nd</sup> April, 2015 to reflect exemption from charge cap for AVCs) – <a href="#">Pensions Bulletin 15/06</a> available from <a href="#">Lynsey Richards</a>
6.	Abolition of refund of contributions for members of occupational schemes with at least 30 days' pensionable service who are just provided with money purchase benefits	1 <sup>st</sup> October, 2015	<a href="#">This Pensions Bulletin</a>  <b>Check scheme rules and amend where necessary (by 1<sup>st</sup> October, 2015) to remove right to refund of contributions where member has at least 30 days' qualifying service but less than 2 years' qualifying service</b>
7.	Proposed ban on corporate directors	1 <sup>st</sup> October, 2015 but exception proposed for corporate trustees	<a href="#">Pensions Bulletin 15/07</a>
8.	VAT recovery changes	31 <sup>st</sup> December, 2015	<a href="#">Pensions Bulletin 15/06</a>  <b>Start putting in place tripartite agreements with investment managers to improve VAT recovery</b>
9.	Proposed reduction in Lifetime Allowance from £1.25 million to £1 million	6 <sup>th</sup> April, 2016	<a href="#">Pensions Bulletin 15/05</a>
10.	Abolition of DB contracting-out: managing additional costs	6 <sup>th</sup> April, 2016	<a href="#">Pensions Bulletin 15/05</a>  Checklist available to clients on request. <b>Planning for this should be well developed by now.</b>

11.	Abolition of DB contracting-out: practicalities	6 <sup>th</sup> April, 2016	<a href="#">Pensions Bulletin 14/08</a>  Checklist available to clients on request. <b>Planning for this should be well developed by now.</b>
12.	Prohibition on Active Member Discounts in auto-enrolment qualifying schemes	6 <sup>th</sup> April, 2016	<a href="#">Pensions Bulletin 14/16</a>
13.	Automatic transfers of DC pots of £10,000 or less	Phase 1 1 <sup>st</sup> October, 2016	<a href="#">Pensions Bulletin 15/03</a>
14.	Registration for Individual Protection 2014	Before 6 <sup>th</sup> April, 2017	<a href="#">Pensions Bulletin 14/12</a>

## 6th April, 2015 Changes

### II. DB to DC transfers and conversions: new requirement for trustees to check member has received independent financial advice

The Pension Schemes Act 2015 (the "Act") includes a requirement that, where a member with "safeguarded benefits" (broadly, defined benefits), or a survivor of such a member, wishes to:

- transfer those benefits to a DC arrangement, or
- convert the DB benefits to DC benefits in the same scheme

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the scheme trustees must check that the member or survivor has received “appropriate independent advice” (the “**independent advice**” requirement).

The requirement applies both to statutory transfers and to transfers made under scheme rules where applications for statements of entitlement are made on or after 6th April, 2015. There is an exception where the member’s safeguarded benefits in the scheme are valued (on a CETV basis) at less than £30,000.

**Note:** Scheme rules may require trustees to transfer safeguarded benefits where no independent advice has been obtained.

**Action point:** Check, and if necessary amend, transfer provisions in scheme rules to enable trustees to refuse to transfer safeguarded benefits where the member has not obtained independent advice. You should assume it is not possible to amend retroactively. Any change needs to be made by 6th July, 2015, the “guarantee date” for transfers requested on 6th April, 2015.

**Note:** However, trustees are given a power under the Occupational Pension Schemes (Modification of Schemes) Regulations 2006 (as amended) to modify scheme rules for the purpose of providing that trustees are not required to make a transfer payment in the situation where the trustees are unable to

establish the member has received the appropriate independent advice (which avoids any issues which might otherwise arise under Section 67 of the Pensions Act 1995).

The Act also provides for employers to pay for the independent advice in certain circumstances.

On 2nd April, 2015, following a consultation exercise, the Pensions Regulator published regulatory guidance for trustees on their new duty to check advice. The guidance, which includes a useful timeline for the statutory transfer process, and a checklist of the information requirements, is on the [Regulator’s website](#)

A briefing paper looking in detail at the new requirement, and a checklist of the steps to be followed by trustees, are available to clients on request.

### III. Regulator’s communication materials updated

The Regulator has (April, 2015) published the final version of its Essential Guide to communicating with members about pensions flexibilities.

The guide provides:

- information on key changes to the disclosure regulations in connection with retirement communications, and
- good practice suggestions for communicating with members about DC flexibility.

The guide covers:

- making members aware of Pension Wise,
- other new requirements for the retirement wake up pack (including a specific reference to the Money Advice Service leaflet “Your pension: it’s time to choose”, which has also been updated),
- timings, and
- the generic risk warnings that trustees are encouraged to provide in respect of the form of retirement options available to members (including sample wording (the “second line of defence”)).

Changes from the draft version published in March, 2015 ([Pensions Bulletin 15/05](#)) include:

- a new emphasis on communications, making it clear what options the scheme does and does not offer and that members can access other options by transferring out,

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- removal from the section on generic risk warnings of the warning that these should not be based on an individual’s circumstances, and
- a new reference to transfers in the sample declaration on taking benefits.

**Action point:** If you have already updated member communications to reflect the draft guidance, for example, if you have included the Regulator’s sample member declarations in retirement documentation, check that no changes are required following publication of the final version.

**Comment:** Remember that complying with the Regulator’s guidance does not necessarily demonstrate compliance with trustees’ statutory and trust law duties.

The Essential Guide is on the [Regulator’s website](#). The updated Money Advice Service leaflet is on the [Money Advice Service website](#).

## Cases

### IV. Meaning of “establishment” for insolvency proceedings: Trustees of Olympic Airlines Pension Scheme v. Olympic Airlines

On 29th April, 2015, the Supreme Court upheld the Court of Appeal’s decision ([Pensions Bulletin 14/06](#)) that, as a matter of interpretation of the EC Regulation on insolvency proceedings, Olympic Airlines did not have an “establishment” in England at the date of the presentation of a petition to wind it up. The consequence was that Olympic Airlines had not suffered an “insolvency event” and so the UK pension scheme was ineligible to enter the PPF.

**Comment (1):** Although bespoke regulations allowed the Olympic scheme to enter the PPF on 2nd October, 2014, the 5th anniversary of the start of liquidation proceedings in Greece, the point decided by the Supreme Court was still relevant to the scheme trustees. The PPF Board may require the trustees to recoup overpaid benefits paid between commencement of the liquidation proceedings in Greece and the relevant “insolvency event”. As a result of the decision, the insolvency event occurred on 2nd October, 2014, leaving the trustees vulnerable to having to claw back an extra 4 years of overpaid benefits.

**Comment (2):** The Supreme Court’s decision raises further doubt as to whether the PPF compensation regime complies with the EU Insolvency Directive following the decisions in **Robins**<sup>1</sup> and **Hogan**<sup>2</sup> ([Pensions Bulletin 13/07](#)).

### V. Liability for breach of trust in returning funds to employers: Ombudsman’s determination in relation to trustees of Pilkington Tiles Pension Scheme

#### A. Overview

1. On 31st March, 2015, the Deputy Pensions Ombudsman found that 2 pension scheme trustees (the “**Authorising Trustees**”) who had authorised the return of £193,010.93 of excess employer contributions to the sponsoring employer in contravention of the scheme rules had acted in breach of trust and must reimburse the scheme for the payment and any tax charges.
2. The Authorising Trustees were not protected by an exoneration and indemnity clause in the trust deed because of their “deliberate disregard” of members’ interests, which amounted to “conscious wrongdoing”.

<sup>1</sup> Robins v Secretary of State for Work and Pensions [2007] ICR 779.

<sup>2</sup> Hogan v Minister of Social and Family Affairs [2013] PLR 185.

**B. Facts**

- 1. The two Authorising Trustees were former trustees (along with 2 other individuals) of the Pilkington Tiles Pension Scheme (the “Scheme”), which had DB and DC sections. Both were also directors of Pilkington Tiles Limited (the “Company”), the sponsoring employer.
- 2. All 4 trustees were employees of the Company and members of the Scheme. The Scheme administrator was Capita.
- 3. The scheme rules provided that excess employer DC contributions from early leavers whose benefits had not vested (“early leaver employer contributions”) should be held in a general reserve and “*applied by the trustees as the Principal Employer shall from time to time direct to pay the costs and expenses of the scheme and/or to reduce the amount of the contributions which would otherwise be required from the employers*”.
- 4. The rules contained an exoneration and indemnity clause that protected trustees except in cases of fraud or “*deliberate disregard of the interests of the beneficiaries*”.
- 5. It was agreed at a meeting between the trustees and the Company in October, 2009 that the early leaver employer contributions valued at around £30,000 should be considered an

additional DB contribution. Capita later told the 2 Authorising Trustees that the early leaver employer contributions were in fact valued at £198,647.50. The 2 Authorising Trustees claimed that Capita had told them that this sum (less Capita’s fees) “must” be paid to the Company. The 2 Authorising Trustees paid it over without informing the other 2 trustees.

- 6. The Company went into administration in June, 2010, following which Bridge Trustees Limited was appointed as the new scheme trustee. Bridge complained to the Pensions Ombudsman that the return of the early leaver employer contributions to the Company contravened the scheme rules and was contrary to members’ interests.
- 7. The Authorising Trustees argued that the complaint was flawed in that it assumed the scheme rules permitted early leaver employer contributions to be used to fund the DB section. They argued the rules were ambiguous and that the proper forum for construction of the rules was the High Court.

**C. Determination**

- 1. The Deputy Ombudsman upheld the complaint as against the 2 Authorising Trustees.

- 2. The Ombudsman noted that construction of the scheme rules came within her authority. She found that the rules unambiguously allowed the excess contributions to be used to meet costs arising across the scheme or contributions from any section, but did not allow payment of the reserve back to the employer.
- 3. She found on the balance of probabilities that the other 2 trustees were not informed of the return of contributions at the time.
- 4. Even if Capita had instructed the trustees to make the transfer (which it denied), the trustees (including lay trustees such as these) could not rely on this. They should have considered the reasonableness of Capita’s advice and challenged it where appropriate, for example if it contradicted the scheme rules. The Pensions Regulator’s Code of Practice on Trustee Knowledge and Understanding anticipated that pension trustees should have sufficient knowledge and understanding of trust affairs to question professional advice where necessary.
- 5. The Authorising Trustees should also have considered whether they needed to take legal or tax advice. This would have shown that a rule change was needed to proceed with the payment to the Company and that the payment would attract a tax charge of at least 40%.

- 6. It was not a breach of trust for pension schemes to want to help an employer (**Edge v. Pensions Ombudsman**) but trustees must consider whether an advancement or loan to the Company was “reasonable or prudent”. Doing so from an underfunded scheme was “high risk” and unlikely to be prudent. The 2 Authorising Trustees had not acted prudently or reasonably in making the payment to the Company without considering if it was allowed under the rules or in members’ best interests, taking legal or tax advice, conferring with their fellow trustees, or considering all the alternatives. The return of employer contributions provided a material benefit to the Company. The 2 Authorising Trustees had committed a breach of trust in authorising the payment in contravention of the rules of the scheme.
  
- 7. The Ombudsman noted that the 2 Authorising Trustees’ failure to provide information about the repayment of early leaver employer contributions to the other 2 trustees did not show the “undivided loyalty” towards scheme members required under trustees’ fiduciary duty to act in members’ best interests. Nor had the 2 Authorising Trustees considered if they had a conflict of interest when authorising the payments to the Company.

- 8. As the 2 Authorising Trustees were not protected by the exoneration and indemnity clause, since it excluded “deliberate disregard of the interests of beneficiaries”, they were jointly and severally liable for the loss to the scheme. The other 2 trustees were not party to the breach of trust and so were entitled to protection of the indemnity.

**Comment (1):** Any appeal by the 2 Authorising Trustees is likely to be in relation to the Ombudsman’s decision that they were not protected by the exoneration clause.

**Comment (2):** The Ombudsman’s comment that a trustee’s fiduciary duty to act in the best interests of members equates to a duty to show “undivided loyalty” to them conflates the trust law duty to avoid conflicts of interest (unless authorised) with the duty to act in the members’ best interests.

**VI. Pension liberation: exercise by member of personal pension scheme of contractual right to transfer: Ombudsman’s determination in relation to Harrison**

On 17th April, 2015, the Pensions Ombudsman upheld a complaint by a member of the Prudential Personal Pension Scheme whose transfer application

had been blocked by Prudential because it believed it might be for pension liberation purposes.

The Ombudsman held that the deferred member, H, had to be allowed to exercise his contractual right under the scheme rules to transfer even in circumstances where the transfer was not an authorised payment. This contractual right was separate from the statutory right to a CETV. The statutory right was not established in this case, as the transfer would not have secured “transfer credits” as required by Section 95 of the PSA 1993.

**Comment:** This aspect of the determination highlights the need, in the context of the new requirement to check that members have taken independent advice on DB transfers, for trustees to check their transfer provisions and, if necessary, amend them. See II. above.

The Ombudsman also stressed that a statutory right took precedence over any regulatory guidance or rule. He found that Prudential had failed to make a detailed analysis to establish if the member had a statutory or a contractual right to transfer.

Prudential had given the member only generic reasons for refusing to make the transfer, without specifying why they were relevant and/or had relied on unsubstantiated doubts.

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**Comment:** The Ombudsman is re-stating the principles in his January, 2015 determination ([Pensions Bulletin 15/02](#)) that trustees are obliged to effect a transfer where the member has a right to it, regardless of any suspicions the trustee may have that the receiving scheme is a pensions liberation scheme. He also restates his view that the burden of proving there is no right to a transfer falls on the transferor scheme.

### Points in Practice

#### VII. PPF Levy 2015/16: Confirmation of "last man standing" status: Reminder

For the 2015/2016 levy year, a new levy discount structure is being applied to last man standing ("LMS") schemes. The discount is on a sliding scale depending on the level of risk.

To enable the PPF to assess the level of discount, schemes that wish to take advantage of the discount have to confirm to the Pensions Regulator that they have taken legal advice to confirm that the scheme is an LMS scheme by completing the online form on the PPF's website. **Schemes that do not complete the form by 29th May, 2015 will not receive the discount.**

**Note (1):** We have provided the necessary confirmation (where the trust deed and rules were consistent with such confirmation) for a number of clients where Slaughter and May has been appointed as legal adviser to the trustees.

**Note (2):** The 2015/2016 Levy Determination changed the definition of an LMS scheme. As a consequence, some schemes previously categorised as LMS have had to change their rules in order to qualify for the discount. As flagged in our Client Briefing of 19th January, 2015, such scheme amendments needed to have been made before 1st April, 2015

#### VIII. Auto-enrolment: Regulator's quarterly Compliance and Enforcement Bulletin: 31st March, 2015

This was published on 5th May, 2015 and covers the period 1st January, 2015 to 31st March, 2015.

It reveals the levying of the first escalating penalty notices (under Section 41 of the Pensions Act 2008) of between £50 and £10,000 per day for failure to comply with a statutory notice. It also notes big increases during the period in the issue of information notices, compliance notices and fixed penalty notices.

The Bulletin also includes details of the relaxations in the employer's duty to auto-enrol introduced with effect from 1st April, 2015 (Pensions Bulletin

15/08) and lessons learned for employers from the Regulator's case book, including examples of potentially non-compliant behaviour.

The Bulletin is on the [Regulator's website](#).

#### IX. Abolition of short service refunds in relation to money purchase benefits: Action required

##### A. Overview

1. Section 36 of the Pensions Act 2014, which takes effect on 1st October, 2015, makes changes to the preservation requirements for money purchase benefits. The effect will be that short service refunds of members' contributions to "pure" money purchase schemes will no longer be allowed where the member has at least 30 days' pensionable service.
2. The change will apply only to a member whose pensionable service begins on or after 1st October, 2015.
3. The preservation requirements are not overriding, so that schemes whose rules provide for short service refunds will need to amend them.
4. If rules are not amended by 1st October, 2015, trustees (because the member has a trust law right to require the refund) may be obliged to

pay out short service refunds in breach of the preservation requirements.

**Note:** Section 67 of the Pensions Act 1995 is not engaged so long as the amendment is made before 1st October, 2015 as the change only applies to those whose pensionable service begins on or after 1st October, 2015.

**B. Current position**

- 1. Currently occupational pension schemes (money purchase and defined benefit) **must** offer a refund of member contributions or a **cash transfer** of all contributions if a member leaves on or after 3 months and before 2 years of pensionable service<sup>3</sup>.
- 2. If a refund is taken, employer contributions remain in the scheme and can be used to defray administration costs. The DWP estimates that abolition of the refund for money purchase benefits will mean employers will lose out on £20-£40 million each year of contributions they could otherwise have used<sup>4</sup>.

<sup>3</sup> The combined effect of Sections 71 and 101AA of the PSA 1993.  
<sup>4</sup> "Meeting future workplace pension challenges: improving transfers and dealing with small pension pots": DWP consultation paper published 11th December 2011.

- 3. Short service refunds will continue to be available where any part of the member's benefits are not pure money purchase benefits. In other words, if the member is a member of a defined benefit section of a scheme, even if it may have a money purchase top-up as well, his benefits will be a mixture of defined benefit and money purchase benefits and so the reduction in the 2 year period down to 30 days for preservation purposes will not apply.
- 4. Short service refunds are not available in relation to personal pension schemes (although the FCA Rules impose a 30 day cooling-off period).
- 5. Currently around 30,000 short service refunds are taken from occupational DC schemes each year but the DWP estimates a potential 5-fold or more increase after automatic enrolment<sup>5</sup>.

**C. Position after 1st October, 2015**

- 1. Where **all** of a member's benefits are "money purchase benefits" (adopting the new post-**Bridge** definition in Section 181B of the PSA

<sup>5</sup> "Meeting future workplace pension challenges: improving transfers and dealing with small pension pots": DWP consultation paper published 11th December 2011.

1993), a scheme must provide "short service benefit" for any member who satisfies the following key conditions:

- 1.1 the member has at least 30 days' pensionable service, **and**
- 1.2 the member's pensionable service began on or after 1st October, 2015.
- 2. The 30 day limit ties in with:
  - 2.1 the cooling-off period imposed by the FCA for members of personal pension schemes, and
  - 2.2 the opt-out period for auto-enrolment purposes.
- 3. The right applies only where **all** of the member's benefits are "money purchase benefits". It will not apply where the member is entitled to DB benefits within the same scheme. In these circumstances, it appears that schemes are required to offer a refund of member contributions in relation to both the DB benefits and the money purchase benefits where the member has less than 3 months' pensionable service.



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#### D. Is a rule amendment required?

1. Scheme rules may contain an express overriding requirement to comply with the preservation legislation but this is not common.
2. Assuming there is no such requirement, the preservation provisions in the trust deed and rules for any scheme which provides pure money purchase benefits only to either all active members (or to a subset of active members) are likely to require amendment to reflect the changes.
3. Section 67 of the Pensions Act 1995 is unlikely to be an issue because the “scheme rules”, modifications to which are restricted, are deemed to include rules required to comply with the preservation requirements<sup>6</sup>.
4. There may, however, be restrictions in the scheme’s own power of amendment that make a rule change difficult. It is possible that the DWP will give trustees power to modify schemes by resolution under Section 68 of the Pensions Act 1995 although there is as yet no indication of this.

<sup>6</sup> Section 67(8)(c) of the Pensions Act 1995.

#### E. Action points

1. Check the preservation requirements in the trust deed and rules of any money purchase scheme or section of a scheme providing money purchase benefits. Unless they provide for immediate vesting, a rule amendment is likely to be required.

**Comment:** This rule amendment should be in place before 1st October, 2015.

2. Check member communications. Trustees are currently required to give a member who leaves employment with at least 3 months and less than 2 years’ pensionable service a statement providing the option of taking a cash transfer sum or a refund of contributions. This will no longer apply where the member’s only benefits are money purchase benefits.
3. Check the wording in member booklets.
4. Consider whether changes to administration systems are required.
5. Consider the impact on employer costs.

## Overseas News

### X. Sounds familiar? Industrial action over pension changes at Lufthansa

News of a dispute in Germany over the Lufthansa Pension Scheme serves as a reminder that the UK is not alone in seeing high profile benefit change exercises leading to industrial action.

The quarterly report of Lufthansa AG stated that the company’s pension obligation went up from €7.2 billion at the end of 2014 to €10.2 billion at the end of March 2015. Lufthansa said “enormous pension burdens are putting considerable pressure” on its equity. Reasons for the increase in liabilities include a reduction in interest rates from 2.6% at the beginning of the year to 1.7% (i.e. the effect of the ECB’s quantitative easing programme) and the introduction of a new set of accounting principles.

The pension commitments of Lufthansa are mainly governed by collective bargaining agreements which are agreed between the unions and the employers’ association.

For the future, Lufthansa AG wants to change its pension scheme, moving to a defined contribution scheme linking returns more closely with capital markets and guaranteeing only a minimum pension

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payment of no more than the amount of the respective contributions.

Lufthansa has terminated the collective bargaining agreements and closed the defined benefit scheme. But a new pension scheme can only be set up if it is agreed between the relevant unions and the employers' association. Until an agreement is reached, the former pension scheme provisions continue to apply for existing employees. For newly hired employees, currently no pension commitments are applicable.

The pension change is one of the reasons for recent strikes that have occurred at Lufthansa. There are currently 6 collective bargaining agreements to negotiate with the pilots' union, inter alia on company pensions, remuneration, early retirement arrangements etc.

Since April 2014, the union has initiated 12 strikes (the latest in March 2015). Lufthansa last week offered to enter into a "union arbitration process" covering all of the open collective bargaining matters. This concession was generally regarded as a sign that a settlement might finally be possible, although the union has yet to accept the offer.

We are grateful to Dr. Sonnhild Heinsch, a German lawyer on secondment here from [Hengeler Mueller](#), our German "best friend" firm, for this item.

To help our clients receive an international service of the highest quality, we have developed close working relationships with leading law firms in all the major jurisdictions. These relationships enable us to draw on the skills of an integrated team of the leading lawyers throughout the world for our clients.

Part of our strategy involves the exchange of know-how with our "best friend" law firms. From time to time we include in the Pensions Bulletin items in the pensions field received from our best friends which we think may be of interest to our clients.

This Bulletin is prepared by the Pensions and Employment Group of Slaughter and May in London.

We advise on a wide range of pension matters, acting both for corporate sponsors (UK and non-UK) and for trustees. We also advise on a wide range of both contentious and non-contentious employment matters, and generally on employee benefit matters.

Our pensions team is described in the 2015 edition of Chambers as follows:

- *"they employ professional and personable members of staff with a great depth of knowledge and practical know how"*, and
- *"their ability to organise a transaction and make sure all things come into action is very, very good and they are incredibly thorough"*

Our recent work includes advising:

- Imperial Chemical Industries Limited and Akzo Nobel N.V. on the de-risking of the ICI Pension Fund by way of a circa £3.6 billion transaction. The transaction, which was announced on 26th March 2014, involved the Trustee of the ICI Pension Fund entering into bulk annuity buy-in policies with Legal & General Assurance Society Limited and Prudential Retirement Income Limited respectively in relation to in aggregate circa £3.6 billion of liabilities of the ICI Pension Fund (which comprise approximately one quarter of the Akzo Nobel pension liabilities). The Legal & General buy-in is the largest ever bulk annuity policy arranged by a pension scheme in the UK
- BBA Aviation plc on the pensions aspects of its disposal of the APPH entities and a "section 75 debt" apportionment arrangement with the trustees of its defined benefit pension scheme, the BBA Income and Protection Plan (the "IPP"), and thereafter on the structuring and implementation of an asset backed funding arrangement with the trustees of the IPP. The asset backed funding arrangement replaces a previously agreed schedule of contributions and is designed to generate an annual income stream of approximately £2.7 million for the pension scheme whilst minimising the risk of scheme over-funding in the future
- Aviva on the de-risking of the Aviva Staff Pension Scheme by way of a circa £5 billion longevity swap transaction involving insurance and re-insurance arrangements. The transaction is the largest of its type to date and allows the defined benefit scheme to re-insure the longevity risk relating to approximately 19,000 of its members (roughly a third of its total longevity risk). Aviva's in-house legal team also advised.
- Premier Foods, on a revised funding arrangement with the group's defined benefit pension schemes as part of Premier Food's refinancing plan. Revisions to the funding arrangements included reduced pension deficit contributions and the granting of additional security to the pension schemes
- Unilever Plc on the creation of an innovative pension funding vehicle under which a unit-linked life policy was established to fund centrally certain overseas unfunded retirement benefit obligations
- General Motors, on the pensions aspects of the sale of Millbrook Proving Ground Limited (the test and engineering technology centre). The sale was dependent on structuring a pensions reorganisation so that the Millbrook Pension Plan and all pension liabilities were retained in the General Motors group
- ConocoPhillips, on complying with its auto-enrolment duties, including analysing how different categories of employees would be provided with pension benefits in compliance with those duties and setting up a new DC pension plan and a new registered life cover pension plan
- Royal Mail on a benefit change exercise which enabled Royal Mail to use some of the c£2bn of assets remaining in the Royal Mail Pension Plan following the 2012 transfer of its pension liabilities to HM Government to fund a £300 million a year gap which would otherwise have opened up between the pension contributions which it could afford and the amount which was required to keep the Plan open for the future accrual of benefits. We had previously advised on the 2012 transfer of approximately £30 billion of Royal Mail's historic pension liabilities to HM Government
- The Trustee of the General Motors UK Retirees Pension Plan, on the surrender in October, 2012 of 2 insurance policies and the purchase of a bulk purchase annuity policy with Rothesay Life. The transaction covered all or substantially all of the Plan's benefit obligations and had an aggregate value of approximately £230 million

If you would like to find out more about our Pensions and Employment Group or require advice on a pensions, employment or employee benefits matters, please contact **Jonathan Fenn** [jonathan.fenn@slaughterandmay.com](mailto:jonathan.fenn@slaughterandmay.com) or your usual Slaughter and May adviser.

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