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18th December 2006

Anne Packer
Department for Work and Pensions
3rd Floor, The Adelphi
1-11 John Adam Street
London
WC2N 6HT

Dear Ms Packer

THE OCCUPATIONAL PENSION SCHEMES (LEVIES) (AMENDMENT) REGULATIONS 2007

Thank you for giving the Association of Consulting Actuaries (ACA) the opportunity to set out our comments on the above regulations.

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and are subject to the code of professional conduct of the Faculty and the Institute of Actuaries. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of defined benefit pension schemes.

The ACA is effectively the 'trade association' for consulting actuaries, whilst the Faculty and Institute of Actuaries are the professional bodies.

Regulation 2

The accompanying commentary to the regulations indicates that there will be a PPF Ombudsman levy in 2008/09 covering expenditure for 2007/08 and 2008/09; we welcome the confirmation that the amount of this levy is expected to be small and the decision to amalgamate two or more years' levies for administrative ease.

Regulation 3

The regulations propose an across-the-board increase in the PPF administration levy of 48%. However, no justification is given for this increase and for the decision to break the link that has existed until now with the amounts of the general levy payable by occupational pension schemes. Whilst we appreciate that the PPF administration levy will generally be small relative to the pension protection levy, we would welcome further explanation as to the reasons for this proportionately large increase.

We would also welcome an indication of the projected course of the levy in future years. There is an inherent risk that this levy could spiral out of control as the number of ex-members receiving compensation increases and the number of levy payers decreases.

Regulation 4

We understand from the regulations that a closed scheme (as defined by section 153 of the Pensions Act 2004) would still be required to pay the PPF administration levy even where the pension protection levy has been waived. Our response to the consultation on regulation 4(2) of the draft Pension Protection Fund (Miscellaneous Amendments) Regulations 2007 indicated our view that the failure to charge a levy relating to the risk posed by such schemes could lead to undesirable cross-subsidies.

Yours sincerely

David Everett
Deputy Chairman
Pension Schemes Sub-Committee of the Association of Consulting Actuaries