



Plumbing Pensions



**Important Information**

**Plumbing & Mechanical Services (UK) Industry Pension Scheme**

Second employer consultation section 75 employer debt

Consultation Response July 2018



# INTRODUCTION

## Second employer consultation section 75 employer debt

Consultation response July 2018

The Trustee would like to thank everyone who responded through the consultation inbox, calls, and letters. The Trustee also extends its appreciation to those who took the time to attend the employer information events.

The Trustee asked for feedback on the calculation methodology proposed by the Scheme Actuary including:

1. Do you agree with the proposed calculation methodology?
2. If you do not agree with the calculation method, what alternative approach should the Trustee consider?
3. Is there any aspect of the calculation approach that you would wish the Trustee to change?

Your feedback has enabled the Trustee to move forward with calculating section 75 employer debts.

**Please read this document carefully as it contains important information that could affect your business.** This document explains the decisions the Trustee has now made and the next steps. You can find information about section 75 Employer debts and the consultation, at: [www.plumbingpensions.co.uk](http://www.plumbingpensions.co.uk).



Kate Yates FIA  
Chief Executive  
Plumbing Pensions (UK) Ltd

# WHAT DID YOU TELL US?

**50**

We received around 50 calls, letters, & emails

**70**

Over 70 employers came to the information events with 116 people attending

**500**

There were over 500 views of the consultation webpage, with over 700 viewing the section 75 webpage

## KEY FEEDBACK

- Most employers agreed or made no comment on the proposed calculation methodology.
- Several employers expressed concern that gaps in the Scheme data could lead to liabilities in respect of some members being apportioned to employers for whom they never worked.
- Several employers asked for an extension to the consultation period.
- Some employers felt they needed more data to enable them to provide informed feedback.
- Employers asked about the process to be followed and the timescales.

# DECISIONS TAKEN

The Trustee extended the consultation period by 2 weeks to allow time for advice to be taken by employers on the Trustee's proposal.

The Trustee has asked the administration team to digitise and cleanse all the old member records to minimise the occasions that data is incomplete. This primarily relates to members who joined the scheme in 1975 but left before 1978 when the records were digitised, or beneficiaries where the link to the member's employer was not routinely stored.

The Trustee has instructed the Scheme Actuary to proceed with the calculations using the proposed methodology.

The Trustee agreed that employers should be sent membership lists before employer debts are calculated, to allow employers to correct any inaccuracies.

The Trustee has agreed to give employers a 12-week window for paying a section 75 employer debt or reaching agreement on a payment plan, provided this does not put member benefits at risk. The Trustee will prepare a guide for employers on payment plans.

# WHY HAVE THESE DECISIONS BEEN REACHED?

Missing data represented less than 0.1% of the Scheme's total pension liabilities. However, the Trustee recognises the concerns of employers that apportioning any extra liability could be material for an individual employer. The Trustee has commissioned the inclusion of as much non-digital member data as the Scheme holds.

The consultation was not extended beyond 13th May as the timeframe for moving forward the calculation and certification of section 75 employer debts would have been impacted, which is important as a large number of employers expressed a desire to understand the magnitude of their debts as quickly as possible.

Most employers did not comment on the proposed calculation methodology. Scottish Counsel has confirmed that it is an appropriate methodology for the Scheme Actuary to use.

The consultation was about the calculation methodology, which is not dependant on the number or types of employers participating in the Scheme or the size of employer debts. The Trustee felt the provision of more data was not necessary to enable employer feedback.

The Trustee recognises that section 75 employer debts could prove to be very onerous and wants to give employers sufficient time to consider options and take professional advice.

# NEXT STEPS

The Trustee has agreed the following timescales with its advisors:

By 31 December 2018	Calculations for section 75 employer debt estimates as at 5 April 2017 will be available to all participating employers on request. Participating employers that have not triggered an employer debt are strongly recommended to seek advice on whether their company auditor would require a debt estimate to be shown in their accounts.
By 1 January 2019	The Scheme Actuary will begin to calculate debts for historic trigger events.
By 31 January 2019	First historic debt calculation will be completed and issued (12-week process as set out below would apply at this point).
By 30 June 2019	Historic section 75 employer debts all calculated and issued.

The Trustee has also agreed a debt collection process, but reserves the right to modify this if required:

1. The Scheme Actuary will provide a debt estimate along with a summary of the membership data used in the calculation.
2. Employers will have at least 6 weeks to correct or query the data held by the administration team. Once an employer's formal debt notice is issued at the end of the 6 weeks, employers will have a further 6 weeks to arrange payment or propose a payment plan. An employer help sheet is being prepared on agreeing a suitable payment plan.
3. This means employers will have a period of at least 12 weeks from receiving an initial debt estimate before any monies become due.

## KEEP IN TOUCH WITH US

Employer debt legislation is complex. You should take independent professional advice to help you understand how this issue might affect your business. There are easements available which may help defer or transfer an employer debt liability to a different business.

If you have any comments or concerns, please contact us through our dedicated email address [consultation@plumbingpensions.co.uk](mailto:consultation@plumbingpensions.co.uk) or call us on **0131 556 9090**.



# Plumbing Pensions

Plumbing & Mechanical Services (UK) Industry Pension Scheme

Bellevue House, 22 Hopetoun Street, Edinburgh EH7 4GH

[www.plumbingpensions.co.uk](http://www.plumbingpensions.co.uk)

0131 556 9090