

Restructuring Bankruptcy & Insolvency Group Legal Alert

UK Pensions Regulator's statement on its approach to current market conditions

Areas of Interest

PENSIONS

UNITED KINGDOM

The UK Pensions Regulator ("tPR") has announced that it is issuing a statement to the trustees of all work-based pension schemes setting out its general position in relation to current market conditions.

The statement highlights that:

- recent developments in the financial markets will be of great concern to pension scheme trustees, sponsoring employers and scheme members;
- trustees need to remain vigilant and to keep the position of their schemes under review (including reviewing and if necessary revising existing recovery plans where there is a significant change in the employer covenant);
- tPR's current codes and guidance cover the relevant issues and allow sufficient flexibility for trustees; and
- trustees should continue to focus on making sound decisions in the long term interests of scheme members.

Comment

- tPR's statement largely covers existing ground, merely applying it to the current economic environment.
- Trustees are variously referred back to tPR's codes of practice which similarly offer support in spite of the extraordinary nature of current markets.
- Perhaps unsurprisingly, the opportunity has been taken to reinforce scheme funding and recovery plan points, tPR largely asserting that the same rules apply as has hitherto been the case.
- We would tend to agree with tPR's overall assessment that the main issues faced by pension schemes are likely to be firstly the more general fall in asset values, secondly the emerging pressures on company covenants and ultimately solvency.

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