

PENSION LEVY 2017/18

FACT SHEET

The Financial Reporting Council (FRC) is the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment. We are the Competent Authority for statutory audit in the UK and set the UK Corporate Governance and Stewardship Codes as well as UK standards for accounting, auditing and actuarial work. We represent UK interests in international standard-setting. We monitor and take action to promote the quality of corporate reporting and operate independent enforcement arrangements for accountants and actuaries. We also oversee the regulatory activities of the accountancy and actuarial professional bodies. Details of the FRC's work are available on our website at www.frc.org.uk.

Background to the Pensions Levy

Following the Morris Review of the Actuarial Profession, published in March 2005, HM Treasury asked the FRC to take on responsibility for oversight of the UK Actuarial Profession and the independent setting of technical actuarial standards.

The technical actuarial standards which we set are designed to underpin the quality of the actuarial work. They are therefore highly relevant to administrators, trustees and managers of pension funds and directors of insurance companies, who rely on actuarial advice.

The arrangements for funding our actuarial responsibilities are designed to ensure that insurance companies, pension schemes and the UK actuarial profession contribute a reasonable share of the costs we incur, and that the arrangements for collecting the contributions are as straightforward and cost-effective as possible.

We work closely with the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) and the Pensions Regulator to ensure that our standards provide, where appropriate, the necessary basis for actuaries advising insurance companies and pension schemes to provide advice in a form which enables those entities to comply with the FCA and PRA rules, Pensions Regulator's guidance, and Department for Work and Pensions (DWP) Regulations.

Basis for the Pensions Levy

We collect an annual levy from pension schemes as part of the arrangements agreed by HM Treasury for funding the FRC's responsibilities for actuarial standards and regulation.

The Pensions Act 2004 (Disclosure of Restricted Information) (Amendment of Specified Persons) Order 2006 enables the Pensions Regulator to provide the FRC with the information needed to calculate the amount of the levy for individual schemes.

The FRC's responsibilities are funded through non-statutory arrangements on the basis of an understanding with the groups who pay the levy.

Should this voluntary approach prove unsustainable, the FRC would formally request that the Secretary of State make regulations for the FRC to levy its funding on a statutory basis under Section 17 Companies (Audit, Investigations and Community Enterprise) Act 2004

Calculation

The levy is currently applied to all schemes with 5,000 or more members at the rate of £3.12 per 100 members. We use the latest information on the total membership for each scheme provided to the Pensions Regulator in scheme returns. The levy is applied to occupational and personal pension schemes and public service pension schemes.

Purchase orders

A number of organisations paying the levy have provided us with a Purchase Order number, which makes it easier for them to manage the payment process. In general, the Purchase Order number has been provided by the Pensions Manager or the scheme Trustees.

Contact Us

If you have a question about the method of payment or to give a purchase order number, please contact the Levy Collection Team at Kier Business Services Limited, on frc@kier.co.uk (telephone 01642 726 300).

If you have a query about the calculation of the levy for your company, please e-mail the FRC Revenue & Planning Manager, Tulsee Rughoobur on t.rughoobur@frc.org.uk (telephone 020 7492 2338).

If you have any other query in relation to the levy, please e-mail the FRC Head of Delivery Unit, David Andrews, on plan@frc.org.uk (telephone: 020 7492 2382).

Financial Reporting Council

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