

Housing Bulletin – April 2019

SHPS: 30th April 2019 is Double Deadline Day

“Take control of your own future. Agree a deal. No guarantee of an extension.”

You might have heard similar phrases over the last three years. But here, as always, we’re thinking...pensions! If you participate in the Social Housing Pension Scheme (“SHPS”), then you have two important deadlines this month.

For DB Sections: Complete your Employer Form of Authority by 30th April 2019

Cast your mind back to our [October 2018 bulletin](#) which outlined the impact of the latest SHPS valuation. Whereas your deficit payments have already changed, the increase in total future service costs (i.e. both employer and employee) were delayed and will take effect from 1st July 2019.

Section (costs as % of pay)	April 2016 to June 2019	From 1 st July 2019	Increase
Final Salary 60ths	20.6%	27.2%	6.6%
Final Salary 70ths	17.7%	23.4%	5.7%
Final Salary 80ths	15.5%	20.5%	5.0%
CARE 60ths	16.7%	22.1%	5.4%
CARE 80ths	12.6%	16.7%	4.1%
CARE 120ths	8.6%	11.3%	2.7%

Remember that although SHPS sets the total rate, the split between the employer and employee is decided by each employer. If you decided to carry on with your existing Final Salary or CARE pension offer, then there was a decision to make on who picks up the increase in future service costs; the employer, employees, or shared between the two. Perhaps you’ve consulted with staff on closing a section to new entrants, moving to cheaper Final Salary or CARE alternatives, or closing down all DB pension saving altogether.

If the outcome is anything other than your pension offer continuing unchanged with the employer taking on the whole increase, then you need to take some action. And that action is completing TPT’s employer form of authority – handily hosted [on TPT’s website](#).

We’ve been running around (not literally) up and down the country supporting pension consultations – from group presentations to one-to-one guidance sessions. In our experience, while you might not be passing on good news to your staff, engaging with them and having the reasoning explained often goes a long way to helping them understand why these increases are necessary and so gives them an appreciation of the decisions you have taken. Please feel free to contact us if you need help during consultation, or after your Board have ratified any changes when staff may need help understanding their options.

For the DC section: Confirm life cover for SHPS DC members by 30th April 2019

Our [December 2018 bulletin](#) explained changes to life cover for SHPS DC members. Rather than the cost of life cover being deducted from the employer contribution, from 1st July 2019 the cost will be in addition to the employer contribution. From 1st October 2019, employers will have the option to change the standard level of life cover (3x pensionable earnings).

You should have been contacted by TPT directly to confirm your future level of life cover.

How First Actuarial can help

First Actuarial provides pensions advice to more housing associations than any other firm. To discuss this bulletin, or any other pension matters, please contact your usual First Actuarial consultant, or any one of our nationwide team of housing consultants.

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