



Legal update — October 2018

# Pensions SHPS Valuation - the results are in!



**The actuarial valuation results for the Social Housing Pension Scheme (SHPS) have been released. They will make sobering reading for many employers participating in that scheme.**

### Results 'at a glance'

The broad implications are as follows:

- The funding deficit has increased since the last valuation (up from £1.32bn to £1.52bn). Deficit recovery contributions will increase.
- Scheme administration expenses will increase by 7% from 1 April 2019 (and be fixed for the next 3 years).
- The cost of future benefits for DB section employers will increase by around 30% from July 2019.
- The 'closed scheme' surcharge will drop from 2.5% of salary to 1.1% of salary.

### Winners and losers

For some employers, the increase in deficit recovery employer contributions from April 2019 will be approximately 10%. However for others, that figure will be much higher. This is because the trustees of SHPS have changed the basis on which the SHPS deficit is calculated. A number of employers, will see much higher contribution rate increases, following the move to a 'share of liability' calculation basis.

### Time for change?

Whilst the increases to future service pension contribution rates have been pushed back until 1 July 2019, boards and remuneration committees will want to consider whether the impending increases will drive changes to your organisation's pension provision.

If you plan to do this in conjunction with the 1 July 2019 deadline you should be thinking of your strategy now.

### How we can help

Here at Trowers we have considerable experience in assisting housing providers with changes to their pension arrangements. We can guide you through the full range of issues including employer consultation and contractual provisions for staff. We would be happy to have a discussion with you to see how we can help

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