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Adviser view: beware The hole with the MNT in it

Posted by Richard Lander 08:47 Monday 24 September 2007

Our latest adviser view is both technical and topical.

It comes from Keith Churchouse of Churchouse Financial Planning (<http://www.churchouse.com/>) and concerns a looming deadline for defined benefit schemes, one that Keith says 'no one seems to have noticed coming, creating a hole that they might well fall into.'

'The requirement for defined benefit schemes to have Member Nominated Trustees (MNTs) or Member Nominated Directors (MNDs) takes effect on 31 October.

'If a scheme has 12 beneficiaries or more then these rules are likely to apply. As an election process (dependent on the size of the scheme) is likely to take a good few weeks, then this deadline is starting to loom large.

'There are some exemptions to these requirements and the Pensions Regulator's website (<http://www.thepensionsregulator.gov.uk/>) will help you to confirm the responsibilities - although from experience it is also worth checking with them as well.

'These rules really started to bite from Pensions 'A' day in April 2006. Indeed many schemes should have elected MNTs and MNDs some time ago. And please don't rely on the scheme administrator to flag up the legal requirements, as some of them are not certain.

'Many providers wrote to advisers in early 2006 to absolve themselves of any new reporting/legal responsibilities and this can leave many schemes exposed to potential breaches of the new rules. There are many small and usually historic schemes that

will be caught by these rules and the trustees need advice.

'So if you are an adviser that looks after a scheme such as these, or you have trustees that may not be aware of the 'hole with the MNT in it', then get on the phone to them today as we have five weeks left to avoid them falling in!

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