

Financial Assistance Scheme

Trustee Update – 6 September 2007

This update is for Trustees, Administrators and members of FAS Qualified schemes. Please make its contents available to colleagues within your organisation.

Subject: Halting Annuitisation Regulations and consultation exercise regarding the draft Financial Assistance Scheme (Miscellaneous Amendments) Regulations 2007.	Financial Assistance Scheme (FAS) PO Box 702 York YO32 9XR Tel: 0845 6019941 Email: FAS-Operational-Unit@dwpgsi.gov.uk
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The Financial Assistance Scheme (Halting Annuitisation) Regulations 2007 were laid before Parliament on 4th September and will come into force on 26th September 2007. These regulations will mean that trustees of qualifying FAS schemes will not be able to enter into a binding commitment to purchase annuities without approval from the FAS scheme manager.

Trustees that have entered into a binding commitment to purchase annuities before that date will be exempt from the provisions of these regulations which are currently designed to be in force for a period of 9 months. General guidance concerning the new regulations is attached for your information, or can be found at <http://www.dwp.gov.uk/fas>.

Further guidance outlining the detail of approval and exemption processes and the information requirements from trustees will be issued shortly.

The consultation exercise regarding the draft Financial Assistance Scheme (Miscellaneous Amendments) Regulations 2007 begun on 29 August 2007. These regulations include;

- Removal of the de minimis rule for FAS payments of less than £520 per year.
- The increase of the cap from £12,000 to £26,000
- Inclusion of additional schemes, in circumstances where a compromise agreement is in place and enforcing the debt against the employer would have forced the employer into insolvency.

The consultation exercise ends on 9 October 2007 and it is hoped that these regulations will come into force by the end of year.

We would encourage all trustees to review the consultation document at the following websites;

<http://www.dwp.gov.uk/consultations/2007> or <http://www.dwp.gov.uk/fas>.

You can submit any comments to the consultation team by writing to them at;

Financial Assistance Scheme Consultation
Department of Work and Pensions
Adelphi, 3rd Floor
1-11 John Adam Street
London WC2 6HT

Or on email at - fas-responses@dwp.gsi.gov.uk

In particular, if you are trustee of a scheme which may benefit from FAS assistance as result of a compromise agreement, please review the relevant sections of the consultation document and contact the consultation team if you have concerns that your scheme will be excluded under the proposed regulations.

Guidance for trustees regarding the Financial Assistance Scheme Halting Annuitisation Regulations 2007 can be found on our website at www.dwp.gov.uk/fas.

Yours Sincerely

Pat Ferguson

Unit Manager
FAS Operational Unit