

GMP reconciliations ... the PPF way!

Carolyn Fox provides an insight into the new approach for all PPF schemes



Despite making massive strides in the right direction with the introduction of Shared Workspace, NISPI's online GMP reconciliation tool, GMP reconciliations are still renowned for being one of the most laborious projects for schemes in PPF assessment.

Against a background of constantly changing employer structures, bulk and individual transfers, lost records, administration transitions and technological leaps and lulls, this very exacting task has always been a major challenge to the assessment period schedule as administrators and NISPI chased after elusive proof of contracted-out service and earnings details.

With substantial GMP reconciliation experience under their collective belts, the participating firms of the SASP (the PPF Specialist Administration Services Panel) were understandably a little sceptical when the PPF advised of their plans to streamline the GMP reconciliation process.

Time for a streamlined approach...

The PPF's proposals make a lot of sense - agreeing a structured approach and setting out clear guidance for the process should shorten the length of time taken to reconcile GMP records and effectively reduce the overall PPF assessment period timeline. Essentially, the PPF's new GMP reconciliation guidance doesn't 'alter' our approach to reconciliations that significantly, but it does attempt to 'refine' reconciliation procedures.

What will change?

The ultimate aim of the GMP reconciliation is to identify who has a GMP entitlement in the scheme and how much the benefit is worth. With contracted-out service and earnings potentially dating right back to 1978, these questions can be frustratingly difficult to answer.

One pass approach

The 'one pass' approach means that a reasonable attempt should be made in each case to resolve the query with NISPI. What constitutes a reasonable attempt should be agreed between the trustees and administrators in the circumstances of each case. The guidance provides PPF administrators with a way to close down long-running and stubborn queries, and encourages firms to avoid carrying out multiple attempts to resolve a query by the same method.

Standard tolerance of £2 per week

The guidance sets the tolerance level for schemes in assessment as £2 per week, allowing any GMP differences within tolerance to be accepted without further investigation. Standardising the tolerance should lead to consistency across the industry and allow relatively small GMP differences to be reconciled more quickly. This is a hugely

welcome and proportionate approach that should help free up resources to concentrate on more material matters.

GMP amount issues

The notes section on the PPF Data Interface Layout (DIL) should now be updated to highlight any un-reconciled GMP members. This serves as confirmation that the PPF accepts the scheme GMP figure but notes the NISPI GMP figure for future reference.

Membership reconciliation issues

'Not on admin' cases - those cases where NISPI's records show a GMP liability and scheme records don't, are among the most difficult to resolve since historic scheme, member and employer records for transferred or refund members have often fallen away over time. After following the investigation procedure as detailed in the guidance any cases where NISPI do not accept that a member no longer has a GMP liability in the scheme should now be added to the PPF's new GMP Reconciliation Spreadsheet. Data from NISPI's records on shared workspace should be populated on the spreadsheet and, following discussions with the Scheme Delivery Associate, sent to the PPF in case the member approaches the PPF in the future. This serves as confirmation that the PPF will accept the outstanding issue.

So will it work?

Initially some may have raised concerns with the new approach as it moves away from the previous position that all GMP differences should be resolved prior to PPF transfer. On balance, however, earlier transfer gives certainty sooner to the members and often GMP issues can have a minor impact overall. In addition, the PPF can return to any issues if needed in future. The changes are therefore welcomed and the SASP looks forward to working closely with the PPF on the new guidelines.

Go forth and reconcile!

The PPF included a section entitled GMP Reconciliation within their PPF Technical News bulletin (Issue 3, April 2013). Full details regarding the GMP Reconciliation Guidance for PPF Schemes can be found on the PPF website and accessed via the Document Library.

Written by Carolyn Fox, pension administrator, Barnett Waddingham. Barnett Waddingham is part of the PPF's panel for PPF administration and valuation services

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