

It was (almost) a perfect winter scene. The snow was pattering gently against the window panes, the open fire blazed and the fairy lights twinkled. The children were asleep upstairs, exhausted from playing in the snow. The Pensions Manager sighed as he sat down to read the latest pile of pensions consultations. It really had been a tiring day. From the CD player came the soothing sound of “*Walking in the air*” sung by former Welsh choirboy _____ / _____ (1) ...

There was a sharp tap on the window. A bobble cap appeared first, followed by a large round white face with gleaming black eyes and a carrot nose.

“Could I please have a drink?” asked the Snowman.

“Certainly”, said the Pensions Manager, rubbing his eyes in disbelief. “How about a mulled wine?”

“I don’t think that is a good idea”, chuckled the Snowman.

“Warm drinks don’t really agree with me, if you catch my drift. A snowball with plenty of ice would be perfect. Are you coming back out to play?”

“No, I have to read up on the latest pensions developments”, said the Pensions Manager wearily, “and according to Squire Sanders’ handy 2014 trustee action plan there is a lot to schedule in next year.” The Snowman looked sympathetic, so he continued...

“My biggest worry is that the latest actuarial _____ (2) confirmed that our defined benefit pension plan is still heavily in deficit. Cash flow is an issue for the company and I have been asked to assess whether we can put a _____ (3) asset in place. If this can be structured to satisfy the PPF then this would reduce the amount of risk-based _____ (4) that needs to be paid. Also, as the state pension is scheduled to become a single tier benefit from 2016, it will no longer be possible for our DB plan to be _____ - _____ (5) of S2P. The company and the members will have to pay full rate _____ / _____ (6) contributions, so we need to start thinking about how we will amend the pension plan to offset the additional costs. In addition, we are also expecting more from the DWP on GMP _____ (7) early in the New Year.”

“Blimey!” said the Snowman with a shiver. “I have what is commonly referred to as a ‘frozen pension’. I thought it was all so simple.”

“That’s not all!” exclaimed the Pensions Manager. “In terms of our DC section, there is also a lot to do. The Pensions Regulator has recently issued a _____ / ____ / _____ (8) and some guidance material intended to improve member outcomes. The trustees now need to assess how the pension plan complies with the 31 _____ / _____ (9). The requirements extend to our AVC provision – so it is not as straightforward as you might think.”

“It looks like you are rather snowed under to me”, said the Snowman, pointing to the pile of papers on the desk (no easy feat with twig arms). “But tell me, if you are so busy, why are you wasting time reading about scorpions?”

“The scorpions represent another worrying issue. The trustees are concerned about _____ / _____ (10). There are a number of fraudsters who are encouraging members to _____ (11) their benefits to another pension arrangement without giving them the full facts. Some of these plans offer members a lump sum payment before age 55 – but this is normally an _____ (12) payment and is therefore subject to tax charges. The trustees need to make sure that their procedures remain watertight so as not to attract criticism. All in all, there is so much to think about for 2014 it is enough to make your eyes water.”

“Well, it’s been great to chill out with you today,” said the Snowman, “but I hear that there is a thaw on the way, so I had better head North now. I believe that Edinburrrrr is good at this time of year.”

“Daddy, who are you talking to?” asked little Noel from the doorway.

“No-one at all”, said the Pensions Manager, slowly coming to his senses.

“My snowman hasn’t melted yet, has he Daddy?” asked Noel running to the open window. “Daddy! Where has my snowman gone?”

“Edinburgh”, replied the Pensions Manager, “he’s ridden off on his icicle”...