



**THE NEWSLETTER OF  
THE SOCIETY OF  
PENSION CONSULTANTS**

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## SPC Dinner 2013

**November 6<sup>th</sup> 2013, Dorchester Hotel, London W1**

The SPC Dinner promises to be an excellent evening and, in keeping with one of SPC's key roles, represents a peerless networking opportunity to meet with fellow industry professionals.

**Key information is:**

➤ **Principal Speaker**

The principal guest and speaker will be Michael O'Higgins (Chairman of the Pensions Regulator)

➤ **Presentation of the "SPC Journalists of the Year Awards"**

These awards will recognise one journalist from each of the national press and pensions trade media, who has made an outstanding contribution to pensions journalism in 2013, as voted by SPC Members.

➤ **Sponsorship**

This year, we are again offering SPC Members the opportunity to associate themselves with the prestige and success of the Dinner, through sponsorship.

We would welcome your sponsorship of one or more of the following:

- The printed list of those attending, available to all diners on arrival
- The menu at each place at the Dinner *Sponsorship agreed*
- The SPC National Pensions Journalist of the Year Award
- The SPC Pensions Trade Journalist of the Year Award

The sponsorship amount for each is £1,500 (VAT is not chargeable). Please contact John Mortimer as soon as possible to seize these opportunities.

Tickets are available at £180.00 per head and feedback from previous years' Dinners indicates that this is a modest cost, which can be repaid many times over in terms of the useful networking opportunities, which exist to strengthen your business relationships. The price includes pre-dinner cocktails, a five-course meal, half a bottle of wine with dinner, and a liqueur with coffee.

As ever, we are keen to encourage "new blood" at the Dinner and to ensure that it continues to offer the broadest possible range of networking opportunities for those attending. To that end, if your organisation has never previously been represented at the Dinner, the person making the booking will benefit from a discounted special price of £145.00, as will one additional guest.

**For a booking form** [CLICK HERE](#) 

## SPC Conference 2013

SPC's 2013 Conference takes place on November 18<sup>th</sup> at the Sofitel, Saint James, London SW1. Registration starts at 0815 and the event ends at 1330 following drinks and canapés.

The theme is Pension Storm Clouds: But are there Silver Linings for the Silver Generation?

The attendance fee is £250 + VAT.

The speakers and panellists are: Lord Hutton of Furness (House of Lords), Otto Thoresen (Association of British Insurers), Dr. Debbie Harrison (Cass Business School), Mike Turner (Aberdeen Asset Management), Eric Chaney (AXA Group), Philip Coggan (The Economist), Paul Craven (Goldman Sachs), Mark Wood (JLT Employee Benefits), Jeremy Stone (NM Rothschild and Chair of Trustees at WHSmith Pension Fund), Jonathan Stapleton (Professional Pensions) and Olivier Lebleu (Old Mutual Asset Management).

We have reformatted this year's Conference in response to Members' wishes, to provide an event of continuing very high quality and topicality, at outstanding value for money and with CPD relevance, but which leaves a large part of the day free for other business.

For the full programme and a booking form, please [CLICK HERE](#) 

We look forward to seeing you and/or your colleagues on the day. Please encourage colleagues to attend, even if you cannot.

## SPC London Evening Meetings

Details of forthcoming SPC London evening meetings are:

Date	Speakers	Subject	Venue	Time
24 October 2013	Margaret Snowden (JLT Employee Benefits)	Pensions Incentive Exercises since the Publication of the Code of Good Practice	Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA	5.00 pm for 5.30 pm
26 November 2013	John Redwood (Chairman of the Investment Committee, Evercore Pan-Asset Capital Management Ltd)	The Economics of the Eurozone and the Global Recovery	Allen & Overy, One Bishops Square, London E1 6AD	5.00 pm for 5.30 pm
12 December 2013	Rona Train (Hymans Robertson LLP)	Making DC Work (tbc)	tbc	5.00 pm for 5.30 pm


The handouts for our first London evening meeting of the 2013-2014 season are now available.

For a copy of the handouts, please click on the name of the speakers.

Date	Speakers	Subject
3 September 2013	<a href="#">Olivier Lebleu</a> (Head of International Business, Old Mutual) and <a href="#">Ajay Sharma</a> (Senior Vice President, European Business, Heitman)	US versus UK pensions – what we can learn from the other side of the Atlantic?


## Treasury/HMRC consultation on individual protection


We reported the publication of a consultation document by The Treasury/HMRC of a consultation document on individual protection from the lifetime allowance charge in [SPC News no. 4, 2013](#).

For a copy of our response please [CLICK HERE](#) .

## DWP call for evidence on quality standards in work place defined contribution schemes

DWP has called for evidence on quality standards in work place defined contribution schemes.

For a copy of the call for evidence, please [CLICK HERE](#) .

For a copy of our response, please [CLICK HERE](#) .

Our main comments were:-

- The call for evidence comes at a critical time in the development of defined contribution provision, which is likely to expand hugely in the light of auto-enrolment. There clearly is a need to ensure that people are not auto-enrolled or contractually enrolled into schemes which fall below the minimum standards which could reasonably be expected. There is a clear responsibility on government, as the creator of the potential risk to members, to consider what it can best do to mitigate it.

The tendency on the part of any government, to view legislation as a means of mitigating risks, is obvious and understandable and we have no doubt that legislation has some part to play. It is important, however, to keep in mind the risks involved in legislating in such detail that there is effectively scheme design by legislation, seriously reducing the flexibility which ought to be available to employers, providers and those responsible for the governance and administration of schemes. Excessive, although well intentioned, legislation has played a significant part in the decline of UK defined benefit provision.

We welcome the fact that the introduction to the call for evidence recognises the importance of not creating a legislative straitjacket.

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## DWP call for evidence on quality standards in work place defined contribution schemes

- The call for evidence explicitly states that it does not extend to contribution levels, but quality in administration and governance will ultimately require contributions at a sufficient level to support its cost. In many cases, at present, contributions are simply not high enough to support the government's aspirations on quality.
- All schemes should aim for high standards, but it is important that any legislative intervention arising from the current exercise is focussed on creating an appropriate safety net for those who do not actively chose to join a scheme.
- As the call for evidence recognises, work is already well underway on establishing standards on governance and administration for defined contribution schemes, through the work of the Pensions Regulator and FCA, and there is existing DWP and financial services legislation to underpin this work.

It is not entirely clear to us how the current call for evidence fits into this work, particularly since the line seems to be blurred between the document as a call for evidence and as a consultation on apparently quite well formed ideas on possible legislative measures.


## Transitional rate of state pension provision: SPC submission to Pensions Bill Scrutiny Committee

We have made a submission to the Pensions Bill Scrutiny Committee on the provisions on the transitional rate of State pension in Schedule 1 to the current Pensions Bill.

This centres on how the provisions on the amount to reflect contracting-out under the current State pension system will work.

For a copy of the submission, please [CLICK HERE](#) .

## Pensions Regulator publishes final draft of Code of Practice 13: Governance and Administration

The Pensions Regulator has published the final draft of code of practice 13 on governance and administration of occupational defined contribution trust-based pension schemes. This is available [CLICK HERE](#) .

The draft code is due to become effective in November 2013.

A number of concerns raised in consultation have been addressed in the final version. In particular, in response to the argument, made by the SPC and others that the code was very long.

SPC also commented that the code was extending requirements on trustees, which actually are the responsibility of the employer. The Regulator reviewed the consultation versions of the code and associated regulatory guidance and improved the drafting to give more clarity to the roles of trustee and employer. For example, in relation to flexible contribution structures, it has altered the wording of the DC quality feature. In the DC regulatory guidance, it will aim to make clearer the role of the employer and trustees in relation to areas such as contribution levels and value for money.

## DWP response to consultation: Draft Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013

DWP has published its response to its consultation on the draft Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

For a copy, please [CLICK HERE](#) .

## PPF issues draft determination on 2014/15 levy

This article is derived from Mercer Select, Mercer's subscriber service offering news and analysis of UK pension developments on-line and by email. For further information please [CLICK HERE](#). This article was correct on September 6<sup>th</sup> 2013, and was written by Vicky Yu of Mercer's UK Retirement Resource Group

The Pension Protection Fund (PPF) issued the consultation and draft determination for the 2014-15 levy on September 5<sup>th</sup> 2013. The levy framework and levy parameters (Levy scaling factor of 0.73, Scheme-based levy multiplier of 0.000056, Levy cap of 0.75% of the smoothed liabilities) are unchanged.

- The estimated amount of levy that the PPF expects to collect in the 2014-15 levy year is £695 million, rising from the estimated £630 million in 2013-14 (an approximate 10% increase).
- There has been little change to the levy rules, but the PPF has proposed some changes to the contingent asset rules, in particular the guarantor strength certification for type A contingent asset and overseas D&B scores.
- The deadline for submitting data on Exchange for levy calculation purpose is 5pm on March 31<sup>st</sup> 2014. Schemes should submit deficit reduction certificates, contingent asset certificates and full block transfer certificates on Exchange by the relevant deadline:
  - Certification and recertification of contingent assets – 5pm, March 31<sup>st</sup> 2014
  - Certification of deficit reduction contributions – 5pm, April 30<sup>th</sup> 2014
  - Certification of full block transfers – 5pm, June 30<sup>th</sup> 2014
- 2014-2015 is the last year of the first triennium of the new levy framework, over which the PPF committed to keep the levy rules and levy parameters unchanged except in limited circumstances. The PPF is expected to publish a consultation on the rules expected to apply over the second triennium in early 2014, followed by a consultation on the final levy rules for the 2015-16 levy year in autumn 2014.
- The PPF announced in July 2013 that it is changing the solvency provider from D&B to Experian from the 2015-16 levy year. It is intended that schemes and sponsoring employers will have access to Experian scores from early 2014.

The consultation on the draft Determination closes at 5pm on October 24<sup>th</sup> 2013. The final Determination is expected to be published in December 2013.

## Proposed extension of GIPS standards to pension funds

The CFA Institute has published an exposure draft on the application of the GIPS standards to pension funds and other entities.

For a copy please [CLICK HERE](#).

Our main views, communicated through the UK Investment Performance Committee, were:-

- We understand that the stimulus for the proposed extension had been the wish of certain large American public sector pension funds and some sovereign wealth funds to claim compliance with GIPS, as an indication of propriety and transparency, although GIPS was not drawn up with such entities in mind.

In a UK context, local authority pension funds or investment committees reporting to a main trustee board of probably a large pension fund might also come to consider GIPS compliance as relevant.

- The exposure draft's discussion of "oversight responsibility" is reasonable in the context of investment committees reporting to a main trustee body. Otherwise, in a UK context, the proposals were effectively circular and would involve trustee bodies reporting to themselves.
- In the context of methodology, consistency is paramount. Time weighted returns appear to be standard and are more relevant to governance. Money weighted returns are more relevant to funding.

## New draft EU portability directive

The European Commission has published the draft of a Portability Directive. For a copy, please [CLICK HERE](#).

An initial assessment is that:-

- Vesting rights apply ONLY where an individual is moving from Member State A to Member State B (although equal treatment is encouraged on movement within a Member State)
- Rights acquired have to be preserved, but there is a wide range of permitted ways
- There are additional, on request disclosure requirements

Overall, the Directive would appear to make no difference in the UK, but is likely to affect some other EU Member States, but in a very limited way, given the focus on cross-border transfers.

## Sponsor support technical specifications: Discussion paper by EIOPA


The European Insurance and Occupational Pensions Authority has published a discussion paper on technical specifications for sponsor support.

For a copy, please [CLICK HERE](#) .

After initial consideration, we do not currently intend to comment.

## European Commission Green Paper: Long-Term Financing of the European Economy

We have responded to the European Commission's green paper on long-term financing of the European Economy, reported in [SPC News no. 4, 2013](#).

For a copy of our response, please [CLICK HERE](#) .

## Progress update: OFT Defined Contribution Workplace Pension Market Study

OFT has published a progress update on its Defined Contribution Workplace Pension Market Study.

For a copy please [CLICK HERE](#) .

Representatives of the SPC Defined Contribution Committee have met OFT to discuss some of the matters raised in the update.

## About

SPC is the representative body for the providers of advice and services needed to establish and operate occupational and personal pension schemes and related benefit provision. Our Members include accounting firms, solicitors, life offices, investment houses, investment performance measurers, consultants and actuaries, independent trustees and external pension administrators. Slightly more than half the Members are consultants and actuaries. SPC is the only body to focus on the whole range of pension related functions across the whole range of non-State provision, through such a wide spread of providers of advice and services. We have no remit to represent any particular type of provision.

The overwhelming majority of the 500 largest UK pension funds use the services of one or more of SPC's Members. Many thousands of individuals and smaller funds also do so. SPC's growing membership collectively employ some 15,000 people providing pension-related advice and services.

SPC's fundamental aims are:

- (a) to draw upon the knowledge and experience of Members, so as to contribute to legislation and other general developments affecting pensions and related benefits, and
- (b) to provide Members with services useful to their business.

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## THE SOCIETY OF PENSION CONSULTANTS

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SPC News is produced by the SPC Secretary and contributors from Mercer