



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

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SPC London Evening Meetings

Details of a forthcoming SPC London evening meeting are as follows:

Date	Speakers	Subject	Venue
24 January 2012	Glyn Ryland (Wragge & Co.) and Kelvin King (BNP Paribas)	Special Purpose Vehicles	Wragge & Co., Waterhouse Square, 142 High Holborn, London EC1N 2SW



SPC held its 2011 Dinner on November 2nd at The Dorchester.

The audience heard speeches by David Willetts (Minister of State for Universities and Science) and Kevin LeGrand (SPC President and Buck Consultants)

The Dinner also marked the presentation of this year's SPC Pensions Journalist of the Year Awards. The winner in the National category, sponsored by Buck Consultants, was Norma Cohen (Financial Times) and in the Trade category, Jonathan Stapleton (Professional Pensions).

[CLICK HERE](#) for pictures of Josephine Cumbo (receiving the award on behalf of her colleague Norma Cohen) and Jonathan Stapleton receiving his award.

SPC Contacts

The SPC Investment Committee has had a meeting with the UK Debt Management Office. The meeting preceded SPC's response to DMO's consultation on the possible issue of CPI-linked gilts.

SPC had two meetings with the Pensions Regulator, as part of the Regulator's continuing work in the defined contribution field in the run-up to auto-enrolment.

It has had a further meeting with the Regulator, for an update on its work on communicating with employers in the run-up to auto-enrolment.

SPC has met representatives of CBI. The main discussion topics were the potential impacts on UK schemes of EU Solvency II – type requirements and the financial implications of the possible ending of defined benefit contracting-out, as referred to in the government's consultation earlier this year on the future of the State pension.

What's being read on the SPC website?


[CLICK HERE](#) here for the latest summary of hits on the SPC website, presented to the PR Committee.

Who's writing about SPC?

[CLICK HERE](#) here for the latest summary of SPC press coverage, also presented to the PR Committee.


DWP consultation on increase in fixed rate revaluation for GMPs and rule changes to contracted-out defined contribution schemes

We have responded to the consultation by DWP, referred to in **SPC News no. 7, 2011**.

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

DWP consultation: Defined Benefit Pension Schemes and Hybrid Pension Schemes Certification Guidance

We reported this consultation in **SPC News no. 7, 2011**.

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

SPC Responds to FSA consultation on proposed changes to the training and competence sourcebook

We have responded to FSA on its consultation on proposed changes to the training and competence sourcebook. The consultation is available by clicking on this link http://www.fsa.gov.uk/pubs/cp/cp11_18.pdf. Our response, with FSA's comments was as follows:-

CHAPTER 3 – Responses to the Consultation Questions

Question 3.1: Do you think the examination standards for 'undertaking pension transfer activity' need updating and, if so, what changes should be made?

We are unclear on the thinking underlying this question.

For those already undertaking pension transfer activity, we would expect Continuing Professional Development requirements to keep them equipped with the necessary knowledge.

In respect of new entrants, we would expect the relevant examinations to be constantly updated by the examining bodies and we would expect therefore new entrants to automatically acquire the current requisite standard of knowledge.

Question 3.7 explicitly states that changes to exam requirements are only envisaged for new joiners, with those already working in the market filling gaps in knowledge through CPD.

It would be helpful to have this confirmed as also being the approach intended for "undertaking pension transfer activity".

FSA Response: *"This relates to the underlying syllabus that sits behind the qualification. We feel that there have been enough changes in this field since it was reviewed to warrant a review of the standards and updating these standards where applicable. It is right that qualification providers do constantly update their own syllabi, and so there may not be any substantial changes to make. The syllabus we refer to is the one held centrally by us. The control of this syllabus was returned to us from the Financial Services Skills Council recently, and has not been reviewed since 2007.*

This will be a change to the activity of undertaking pensions transfer activity, and we would envisage that any substantial gaps would be covered by existing advisers through their usual annual CPD, and the syllabi of qualifications for new advisers would be adjusted accordingly. Hence, there would be no requirement for advisers to undertake any further qualification in this area, other than that already required under the RDR."

Question 3.2: If the examination standards are changed, how should any gaps in knowledge be addressed?

It follows from our answer to question 3.1 that we consider that any gaps in knowledge should be assessed through CPD.

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FSA Response: *"This is our suggestion, and so we shall take your comment here as being in agreement."*

Question 3.3: Do you agree that the level for the examination requirement for 'undertaking pension transfer activity' should be set at Level 4?

We were confused by the table at the end of paragraph 3.16.

There is no recognition that the existing pension transfer unit is currently set at level 6.

The existing pension transfer unit (J04) is currently set at level 4. We believe that G60, which is still a relevant exam for pensions transfers, but not the current unit, is level 6.

The examination standard in respect of retirement planning is stated as level 4. As far as we are aware, it currently actually stands at level 3.

Pension transfers is stated to be at level 3. Is the intention that, like retirement planning, it should be at level 4 after the implementation of RDR?

FSA Response: *"Apologies if this was unclear. We have stated level 4, as this is the level that will be required when the RDR is implemented. We would not envisage any changes in the syllabus on Pensions Transfers being implemented until after this time, and so level 4 would be the required level. We agree that this could have been clearer."*

In its response on the level of qualification required for Pensions Transfers, FSA confirmed that either paper G60 or AF3 are required, and these are level 6 papers. However, these papers do not give a level 6 qualification on their own, and there is a requirement for more papers to be taken to give the level 6 qualification. Therefore, the current requirement is a level 3 qualification, with either of the aforementioned papers, both set to a level 6 standard. Post RDR implementation, it will be a requirement for a level 4 qualification. Although the exam standards in question are for a level 6 paper, the qualification requirement for an adviser is still level 4.

We then asked for clarification of where in the FSA rules there is a statement that "the current requirement for a Pension Transfer Specialist is a level 3 qualification plus one of the aforementioned papers (e.g. G60)".

The qualification list http://fsahandbook.info/FSA/extra/TC_Appendix4E_20111001.pdf states that an individual paper is required, such as G60. No reference is made to an additional level 3 qualification being required.

We assumed that FSA's comment is based on the fact that, in order to actually advise on pension transfers, one would need to have the additional qualifications for advising on packaged products (activity number 4), on the basis that the FSA definition of a Pension Transfer, by its very nature, will include the need to assess the suitability of any packaged products, to which a transfer could be made.

If this is the case, then the "current" exam requirements, as listed in the table, will be exactly the same as they are for general advice on packaged products, i.e. level 4 under post RDR, so this will come in automatically.

However, in our view, section 3.16 of the consultation paper clearly states that it is referring to the "specific examination standards covering undertaking pension transfer activity" - we believe this is what is contained in the link above and there is no reference to additional level 3 or level 4 qualifications over and above, for example, the G60 paper. We agree that additional qualifications would be required by the associated "packaged product" requirements, as set out above, but changes to the exam requirements for this activity are happening anyway as part of RDR.

It would, we suggested, be helpful to have a summary of what exactly is changing from level 3 to level 4 by specific reference to the rule book.

FSA confirmed that our assumptions are correct. The Level 3 qualification would be required in order to advise on Packaged Products (level 4 once RDR is in place), and G60 or AF5 are required for Pensions Transfers. Although both G60 and AF5 are level 6 papers, they do not on their own give a level 6 qualification, hence the requirement for advising on Pensions Transfers being shown as Level 3 currently (level 4 post RDR) with a specialist paper.

FSA mentioned in the consultation paper that it was aware that the advisers giving advice on Pensions Transfers would already hold, or be studying towards, level 4 as they are captured

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under RDR, and then went on to suggest that the qualification requirement remains at level 4 (post RDR) for these advisers, as it does not intend to ask these advisers to increase their qualification requirements to level 6 in order to advise on Pensions Transfers. This will not change the fact that AF5 is a level 6 paper, only that the advisers will not need to complete the level 6 qualification.

Our understanding is that FSA confirms the assumption that all Pension Transfer Specialists will invariably be at level 4 under RDR.

The purpose in consulting on whether they should move up to level 4 is, therefore, unclear.

Actuarial profession consultation paper on conflicts of interest

The Actuarial Profession has published a consultation paper on conflicts of interest. For a copy, please [CLICK HERE](#).

At the time of preparing this issue of **SPC News**, we had the paper under consideration.

BIS/FRC consultation: Proposals to Reform the Financial Reporting Council

The Department for Business, Innovation & Skills and the Financial Reporting Council have published a consultation document on proposals for changes to the latter, which has implications, among other things, for the Actuarial Standards Board.

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

At the time of preparing this issue of **SPC News**, we had the consultation document under consideration.

BIS discussion paper on executive remuneration

BIS has published a discussion paper on executive remuneration, including pensions.

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

At the time of preparing this issue of **SPC News**, we had the discussion paper under consideration.

Call for evidence: Kay Review of UK Equity Markets and Long Term Decision Making

The government-commissioned Kay Review of UK equity markets and long-term decision making published its call for evidence in September. For a copy, please [CLICK HERE](#).

At the time of preparing this issue of **SPC News**, our response was under consideration.

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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