

SPP

NEWS

THE NEWSLETTER OF THE SOCIETY OF PENSION PROFESSIONALS

SEPTEMBER : ISSUE 4, 2019

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If this issue of **SPP News** was forwarded to you, and you would like to receive a copy direct from us, please e-mail us at info@the-spp.co.uk





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Book your places now for the SPP Conference, September 23rd 2019

This event is an exclusive benefit for SPP Members and their clients. There is no charge for attendance.

Confirmed speakers and panel members:

Mark Boyle – Non-Executive Chair
THE PENSIONS REGULATOR

Oliver Morley – Chief Executive
PENSION PROTECTION FUND

Sarah Porretta – Director of Strategy and Insights
MONEY AND PENSIONS SERVICE

Neil Bowden – Partner
ALLEN & OVERY

David Aleppo – Head of Advisory Investment Services, UK
WILLIS TOWERS WATSON

Silvia Dall'Angelo – Senior Economist
HERMES INVESTMENT MANAGEMENT

Seema Shah – Chief Strategist
PRINCIPAL GLOBAL INVESTORS

Iain Lindsay – Head of Fixed Income Portfolio Management,
GOLDMAN SACHS ASSET MANAGEMENT

Date : 23rd September 2019

Time : 0830 : Registration
0900 : Conference begins
1300 : Conference ends followed by
light refreshments

Venue : The Auditorium, Allen & Overy LLP,
One Bishops Square, London E1 6AD

For further information and to book, please [click here](#).

SPP Annual Dinner – back at Lincoln’s Inn – November 14th 2019 – **BOOK NOW**

By popular demand the Society will be returning to The Great Hall, Lincoln’s Inn for its 2019 Annual Dinner.

The Dinner is on November 14th.

The dress code will again be lounge suit/cocktail dress.

For further information, including on our special guest speaker, Vincent Franklin, and to book, please [click here](#).

SPP White Paper: “How to unleash the power of social impact investing”

If you have not yet read our latest White Paper, you can do so [here](#).

To summarise its contents:

- Most pension scheme trustees have limited knowledge of social impact investment.
- While some pension scheme trustees have a responsible investment or ESG policy which may contain something specific on social impact, in most cases there is no policy on social impact.
- Despite the Government’s and the Law Commission’s best efforts, trustees are still confused over their ability to make social impact investments, but there are no insuperable legal barriers to social impact investing.
- One of the challenges is finding suitable social impact investment opportunities with sufficient scale and demonstrable track record.
- Implementing a social impact policy means more than simple negative screening. It implies investors moving towards active engagement (collaborating or influencing businesses to change) and engaging with those businesses who are willing to be measured by their social impact.
- Such proactive engagement, with the conscious targeting of making a social impact, requires a change in investment behaviour towards long-term horizons. It also requires new agreed standards for measurement and reporting.
- Among the factors which prevent trustees from social impact investing are a lack of guidance from the Pensions Regulator and buy in and motivation from consultants.

Sir James Hodge retires as Chairman of the Society

After 12 years, Sir James Hodge retired as Chairman of the Society on July 1st.

At a riverside reception to celebrate his contribution, the President, Paul McGlone, paid tribute to the wisdom and light touch, which he had brought to the role.

Sanjay Gupta re-elected as Honorary Treasurer

Council has gratefully re-elected Sanjay Gupta (Willis Towers Watson) as Honorary Treasurer for a further year.

New member

We welcome into membership Align Pensions Limited, Manchester

SPP video content

Our video content is an easy way for staff of our Members to benefit from our events if diary or geography prevents attendance in person.

To watch the content, you will need to log on to our site (please contact carla.smidt@the-spp.co.uk or jan.butcher@the-spp.co.uk if you need help).

Who's writing about SPP?

[Click here](#) for the latest summary of SPP press coverage.

Pensions Expert Free of Charge

All employees of SPP Member organisations are entitled to receive copies of Pensions Expert magazine free of charge (usual annual subscription cost is £255).

Please [click here](#) to obtain this benefit of SPP membership.

Pensions Age Free of Charge

All employees of SPP Member organisations are also entitled to receive copies of Pensions Age magazine free of charge (usual annual subscription cost is £149), as well as the Pensions Age email news service.

If you would like to receive either the magazine and/or the email news service, please complete the application form ([available here](#)) and send it to info@the-spp.co.uk.

Twitter and LinkedIn

You can keep up to date with SPP on Twitter and LinkedIn.



Just click on the links opposite.

We would like you to share your organisation's news on the SPP website

You might want to consider sharing with fellow SPP Members news about your firm or company on the Member News page of the SPP website. Suitable candidates for inclusion might be, for example, publication or product launches, new business wins or new joiners.

We would be very happy to have details of anything, which you would be interested in sharing on the site, and would provide other Members with an alert to its presence through our regular SPP Member Updates.

SPP contacts

The Society, through the Defined Contribution Committee, participated in the Money and Pensions Service "deep dive" event on pensions and retirement policy, held in June.

The event had a cross-section of attendance from industry bodies, FCA, HMRC, benefit consultants and providers. The format was:

- Consideration of the system, e.g. for people in retirement – who and what are the external influences, who could enable change, what are the possible prompts for change, what needs to change and who is the target for change?
- With that framework, what are potential issues: for example digital exclusion of older people and difficulty of predicting needs in later life.

Pensions Regulator consultation document – The future of trusteeship and governance

The Pensions Regulator has published a consultation document on the above. It is [here](#).

The consultation document sets out the Regulator's aspirations for further reforming its standards on trusteeship and governance, ensuring these continue to be appropriate for addressing the risks it sees today and protecting the interests of savers in the future. They fall into three key areas and are generally relevant to trustees and pension managers across DC, DB and public service schemes.

- **Trustee knowledge and understanding, skills and ongoing learning and development:** The Regulator wants to look further at whether those managing schemes have the right knowledge and understanding and appropriate skills, and that these are kept up to date.
- **Scheme governance structures for effective decision-making:** The Regulator wants to look at how boards could become more diverse, inclusive and be able to demonstrate that they have the right mix of skills, knowledge and understanding for running the scheme, including the aspiration to see an accredited professional trustee on every board in the future.
- **Driving DC scheme consolidation:** Schemes, which are unable to meet the standards of trusteeship and governance, which the Regulator expects will need to improve, face enforcement action or be actively encouraged to wind up. The Regulator is looking at how to remove barriers to consolidation, to ensure more savers have access to well-run schemes.

(1) DWP consultation on delivering the Competition and Markets Authority recommendation for trustee oversight of investment consultants and fiduciary managers and (2) Draft Pensions Regulator guides to deliver the CMA's recommendation to produce guidance to trustees of occupational pension schemes on engaging with investment consultants and fiduciary managers

We are considering the two above consultation documents as a single exercise and they are available [here](#) and [here](#).

At the time of preparing this issue of *SPP News*, our consideration was in hand.

SPP Response: FCA Consultation Paper 19/4 – Optimising the Senior Managers and Certification Regime and feedback to DP 16/4 – Overall responsibility and the legal function

We have submitted a brief response to FCA on its consultation paper on the above.

A copy of the response is available [here](#).

The consultation paper is [here](#).

Conference call with FCA and the Pensions Regulator – Transition from the FCA Register to the Directory: Absence of listing of CF30s

Our Financial Services Regulation Sub-Committee had a conference call with FCA and the Pensions Regulator, to discuss our concerns over the transition from the FCA Register to The Directory and the absence of listing of CF30s.

Key points arising were:

We welcomed FCA's intention to run a communication exercise associated with the transition to The Directory.

We expect that there will be considerable interest in this among SPP membership and we asked for a contact point, at which to register interest in receiving communications. This is DirectoryCommunications@fca.org.uk.

One specific, which we strongly suggest is covered in the exercise, is the need for the regulated community to expect an increased number of anti-scramming queries about registered individuals from pension administrators during the transition to The Directory.

FCA Discussion Paper 19/2: Intergenerational Differences

FCA has published a discussion paper on the above.

A copy of the discussion paper is available [here](#).

The discussion paper has three overall aims:

- To test publicly FCA's understanding of the issues, which different generations face and to ensure its assumptions and approach stay relevant for tomorrow's consumers.

- To bring stakeholders together to pinpoint the issues, which need a response.
- To identify specific action, which FCA can take to help the market to meet changing consumer needs.

Our response is [here](#).

SPP Response: FCA Consultation Paper 19/15: Independent Governance Committees – Extension of remit

We have responded to FCA on its consultation paper on the above.

The response is available [here](#).

The consultation paper is [here](#).

SPP Response: Financial Ombudsman Service: Future funding – A consultation document

We have responded to FOS on its [consultation document](#) on its future funding.

A copy of the response is available [here](#). Our key comments were:

- We identified a number of potential areas in the market, which might call into question the assumption in the

consultation document that the end of PPI claims will lead to a decline in the Financial Ombudsman Service's workload.

- The appropriateness of moving to a 50:50 split between case fees and levies, as the basis of the Financial Ombudsman Service's funding, is questionable.

Treasury call for evidence – Financial Services Future Regulatory Framework Review

The Treasury has published a call for evidence as part of its regulatory framework review. It is available [here](#).

This is the first publication in The Treasury's Future Regulatory Framework Review, announced by the then Chancellor earlier this year. This document introduces the

Review, and invites submissions on the first phase, which will examine the processes for managing the combined impact of regulatory change on financial services firms and their customers, including coordination between regulatory authorities.

We will consider submitting a response.

FCA Consultation Paper 19/25 – Pension transfer advice: contingent charging and other proposed changes

FCA has published a consultation paper on the above.

It is available [here](#).

FCA is concerned that too many advisers are delivering poor advice, much of it driven by conflicts of interest in the way they are remunerated. It has highlighted contingent charging, where advisers only get paid if a transfer proceeds.

FCA considers that it needs to intervene to protect consumers from harm by banning advisers from using contingent charging, except for in the case of a small group of consumers, which it considers are likely to benefit from a transfer.

FCA also perceives a significant conflict arising where clients sign up for an ongoing advice proposition. It is also consulting on proposals to address the conflict of interest created by ongoing charges.

Specifically, FCA propose to:

- Ban adviser charges, which are only payable when a transfer or conversion is implemented
- Limit firms' ability to recommend transfers, which incur unnecessarily high ongoing adviser and product charges
- Change how charges are disclosed and require checks on consumers' understanding as part of the advice process
- Introduce continuing professional development specific to pension transfer advice
- Establish new data collections from advice firms to improve its ability to regulate the sector
- Amend technical areas of its rules and guidance to clarify and extend existing requirements

We have the consultation paper under consideration.

Final report: Pension Advisory Group – A guide to the treatment of pensions on divorce

A number of the Society's Committee's were involved in the preparation by the Pension Advisory Group, based at Cardiff Law School, of this report, which has now been finalised.

The detailed guide is well worth a read and is available [here](#).

GMP Equalisation Working Group call for action

In case you have not already seen it, the GMP Equalisation Working Group, to which the Society is a major contributor, has now formally published its call for action.

You can see it [here](#).

About SPP

SPP 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. SPP 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 SPP's Members. Many thousands of individuals and smaller funds also do so. SPP's growing membership collectively employ some 15,000 people providing pension-related advice and services.

SPP'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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