By email only: pensions.vfmframework@dwp.gov.uk

Value for Money Team
Department of Work and Pensions

27 March 2023

Dear Value for Money Team

SPP response to DWP consultation - Value for Money: A framework on metrics, standards, and disclosures consultation.

We welcome the opportunity to respond to this consultation.

Executive Summary

We are supportive of the Government's objective to introduce greater standardisation of Value for Money metrics, noting that some elements of subjectivity cannot be excluded entirely. We believe that providers should be free to publish their own decentralised assessments, which can then include more substantive narratives to their members to explain how and why some metrics were derived and what (if any) improvement plans are proposed. Greater consistency, comparability and (importantly) competition will, however, be driven through an official, centralised portal. Without professional advice, we consider that few employers will have the confidence or expertise to use VFM data to inform their decision making whilst members are, of course, almost entirely disenfranchised from the choice of their current workplace pension. Hence the primary benefit for members is likely to be derived indirectly through regulatory insight/action and competitive pressure rather than through empowerment, although this may change, as and when Dashboard designs start to reflect VFM. We note the connection with the call for evidence on 'Addressing the challenge of deferred small pots' and that these two initiatives align.

We are particularly pleased to note that the ambitious scope of the initiative includes legacy and retail products. This consistency of approach is necessary to ensure that members can – with support and guidance (and Dashboard development) - maximise their retirement outcomes.

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Whilst supportive of the initiative, we do have some concerns which are explored in more detail in our responses below. They include:

- The complexity and resource demand must be fully and accurately assessed, and the Cost Benefit Analysis must reflect this.

- As noted in the consultation paper, there will be opportunities to game the system which may ultimately be to the detriment of members. This risk will need to be very carefully managed.

- We believe that the potential value loss in decumulation (and the transition to decumulation) is of such materiality that it must be reconsidered for inclusion in Phase 1 (where applicable – we note that some schemes do not offer any decumulation options but thought should be given as to how these schemes then support the options available externally). The credibility of the initiative is at risk if this significant value component is disregarded.

- We have concerns that inadequately reflecting the value of an employer's financial contribution may inadvertently result in a reduction in value through consolidation and full bundling. We, therefore, suggest that consideration is given to requiring employers who sponsor their own trusts to be a formal party to the value assessment. Their commitment (or otherwise) to continue to subsidise the scheme (and hence subsidise value) will be a material determinant of any improvement plan or decision to consolidate.

We would welcome the opportunity to assist DWP in developing the VFM framework further.

Detailed Response

Chapter 3: Scope, criteria, and outcomes.

1. Do you agree with the proposed phased approach?

In part.

It is logical to focus on default arrangements, and we agree that it is sensible not to include 'incidental' defaults in Phase 1, which will be picked up in Phase 2. However, we believe that Phase 1 should include bespoke employer defaults accommodated within those Master Trusts which offer that option.

Whilst acknowledging the logistical challenges, we agree that the significant number of savers who are (unwittingly) members of legacy schemes should be brought into scope. We believe that this should include legacy arrangements which were transferred to and are managed by legacy consolidators.

It is logical to exclude SSASs and EPPs, for the reasons cited and for the inherent difficulty in assessing fair allocation charges and (in SSASs in particular) reliable investment-related metrics.

We believe that it would be consistent to bring into scope members of GPPs whose providers routinely or periodically sweep-up leavers into a 'retail wrapper', rather than leave this group until Phase 2.

However, we disagree with the proposal to defer the value assessment of a scheme's decumulation options until phase 2. The value that can be lost (or retained) when decumulating can be very significant – to an extent which might render different Reduction in Yield accumulation metrics relatively immaterial. Moreover, employers and advisers may be misled by assessments which score favourably in accumulation, but which in reality offer poor decumulation value. Accepting that CDC requires further consideration, we believe that it would be a relatively straightforward process to include decumulation metrics on a scale from 'none offered – transfer only', to a 'full suite of flexible options'. Just as with accumulation, it would be possible to measure the charges, past and expected net returns of the default or primary investment options and the administrative efficiency of the transition from accumulation into decumulation.

Chapter 4: Investment performance.

2. Do you agree with our focus on and approach to developing backward-looking investment performance metrics?

There is a lot to unpack here: is it useful and/or appropriate to develop backward-looking metrics, and if so, how should it be done?

In relation to the former, it may be that these metrics are better than nothing, but there is risk involved too. It is not necessarily the case that backward-looking metrics will help in decision-making and the change in Gilt fund values in the last 12 months demonstrates *past performance is not a guarantee of future performance* very accurately. A theme throughout our response (linked to member communications in general) is that a member's decision is not necessarily better than no decision depending on how informed it is. Potentially employer decisions may be more informed, but there is no guarantee of this.

Backwards-looking metrics might also overlook the illiquidity premium which is necessarily forward rather than backward looking (although we note forward-looking metrics are in scope).

Another challenge is that backward-looking metrics might stifle innovation as managers alter their behaviour to ensure favourable historic performance.

Finally, it is not necessarily clear how the protections inherent in certain products (e.g. with profits funds) would be factored into any comparison of historic performance. We are reassured that with profits are addressed in terms of return (loyalty bonus etc), but the guarantee of a base value is a different metric (albeit one that is harder to measure) and should be factored in somehow.

On a more positive note, the proposed approaches broadly seem sensible. This includes net investment return being used, the grouping by employer scheme size (as assets under management tend to drive pricing along with contribution levels) and reporting returns relevant to different ages and as at a set date. We would suggest grouping employers by cohorts rather than quartiles, and deciles would be more relevant.

It, however, is also clear that there is a lot of information to cover in these disclosures and this is likely to require a lot of work/not be possible for schemes below a certain size. Hopefully once reporting is established it will become more efficient.

3. Do you agree with our proposals to use Maximum Drawdown and/or ASD as risk-based metrics for each reporting period and age cohort?

Again, this can be split between whether this meets a need and if it is the best way of doing so. The metrics might also be useful for employers who select the default funds and who could engage a consultant to advise in cases of poor historic performance. If volatility is to be measured then this seems to be a viable option, but with some extensive caveats.

We would suggest that Maximum Drawdown is not necessarily an easy concept to understand. It is also a point in time representation and therefore might not provide an accurate overall picture of a fund's performance. A related issue is that the Maximum Drawdown metric might be more appropriate for benchmarking certain funds which aim to reduce drawdown. The metric would also not reflect the frequency of drawdowns. Our understanding is that annualised standard deviation (ASD) is a more common metric used in the industry.

The complexity of either metric means they may be too technical for members to understand. Our concern is that providing members with metrics might prompt them into making poor investment decisions (e.g. prompting a switch out of historically poorly performing funds and moving into funds that had better historic performance perhaps at the wrong time).

Finally, the fact that 'drawdown' is already used in pensions terminology for something completely different (drawing income in retirement) is also likely to cause confusion.

4. Do you agree with our proposals on "chain-linking" data on past historic performance where changes have been made to the portfolio composition or strategy of the default arrangement?

We note that many defaults change either fully or in part because they are part of a white-label structure, therefore we agree that a degree of chain-linking is necessary. The challenge is historic performance may not be available. We believe it would possibly be limited in duration to a maximum of 5-7 years with it being hard to track historic performance past that point. In addition, current trends and the governance capabilities of master trust structures have meant that the composition of default funds is changing more frequently which adds to the challenge.

Default investment strategies are being reviewed annually (with each conducting the review at different times of the year and, in the case of major changes, implementing the change over a period of months to reduce the implicit transaction costs borne by members). This trend seems set to continue for several years as providers implement ever more sophisticated approaches to responsible and sustainable investing as well as the first steps into investing in private markets (as encouraged by the government).

In addition to this, default arrangements are often incorporating new market funds (such as for biodiversity), where the FCA prohibits insurance company providers from quoting investment returns until their "wrapper" of a fund has been in place for 12 months. As a result, there could be gaps in the calculation of recent past performance for GPPs and insurer-backed Master Trusts, but not own trust and Master Trust schemes using non-insurance-based platforms. In short achieving consistency across the data reported will be a huge challenge

We would also suggest that where chain-linking takes effect consideration is given to the implicit costs of unit transitions. This is a complex area, but some consideration should be given to the costs of changing investment composition as well as the performance of the respective elements.

As a final point, we would again suggest the complexity of reporting in this way, whilst desirable is not to be underestimated.

5. Do you agree with proposals for the additional disclosure of returns net of investment charges only?

In absolute terms, we believe that providing more granular data to enable members to (for example) compare the costs of investment fees and administration would be beneficial. It might also make it easier for members of workplace schemes to compare against their other non-workplace arrangements with a view to consolidating. However, all of this would of course increase complexity, both in terms of providing the information and people trying to comprehend it.

6. Do you agree with requiring disclosure of asset allocation under the eight existing categories for all in-scope default arrangements?

It was agreed that it would be better to require disclosure of asset allocation under the existing eight categories rather than adopting an alternative approach. Consistency is key for reporting and comprehension. Requiring the information for different age points may be of use to some, but we would again suggest careful consideration be given as to whether the benefit justifies work required to deliver this, even if it is only for the asset allocation from the previous year.

7. Do you think we should require a forward-looking performance and risk metric, and if so, which model would you propose and why?

We believe that members would like in principle to have some indication of what their pot might produce (not least because for many members, particularly in master trusts, the majority of contributions are still to be made), but there are clearly risks in providing this type of information. As is noted in the consultation there is the potential for providers to 'overestimate'. Benefit statements already provide projections (generally based on quite conservative growth assumptions) and this was recently subject to consultation too. It is critical that information provided to members is consistent and we would suggest this existing model should be used or replaced (if this forward-looking measure is deemed to be more accurate).

We also note that the various models outlined for deriving projections are quite complex and may be difficult for members to understand.

We question who this information is intended for. Those making decisions at the scheme level may find it useful but, at the member level, engagement regarding pensions is generally low and it may be that the number of people interested in this (not guaranteed) information may be low. Of these, there is a chance a number may misinterpret it with the risk of poor decisions on the back of it. As is noted elsewhere in our response, just because information drives an active decision, this does not make it inherently useful information as the decision may still be based on a misunderstanding. In short, we understand why this information may be desirable, but it needs to be approached with a great deal of care.

Chapter 5: Costs and charges

8. Are there any barriers to separating out charges in order to disclose the amount paid for services?

We are supportive of the initiative to enhance transparency for members and professional bodies to show the charges they pay for investment management and those they pay for administration and wider services. We feel it will be a positive move for pricing structures to be consistent across the industry in terms of member understanding, and to make comparability easier in respect of value for money assessments.

Our members whom are bundled providers note that changes to their pricing structures are likely to require significant change projects to implement; covering changes to technology, systems, reporting capabilities, and member and client communications and therefore would require a reasonable period of time to implement and resource effectively (taking into consideration other major change projects underway, such as Pensions Dashboards). We would therefore suggest 3 years to enable changes to be fully completed and embedded effectively.

9. Do you have any suggestions for converting combination charges into an annual percentage? How would you address charging structures for legacy schemes?

Combination charging structures do not impact our members in light of the requirement to convert these into an annual percentage.

However, we note that the introduction of Pensions Dashboards might assist the industry in resolving complex charging structures for legacy schemes, in light of greater transparency.

10. Do you agree with our proposal to provide greater transparency where charging levels vary by employer? Do you agree that this is best achieved by breaking down into cohorts of employers or would it be sufficient to simply state the range of charges?

We support the provision of making net returns more comparable by using suitable employer cohorts; this minimises the issues around some schemes only being available to a subset of employees from a particular employer. This can also allow consideration for some of the key influential factors of scheme charges such as attrition rates, contribution flows, assets under management and number of members.

SPP members who have IGCs producing value for money assessments under COBS19 have noted that this approach has worked and enables their IGCs to carry out the necessary relevant comparisons of costs and charges of other ‘similar schemes’. However, from their experience, they have emphasised that too many cohorts cause complications and make it difficult for IGCs to see the bigger picture (noting many cohorts also create significant extra work to provide/split the data). Therefore, we would suggest that the use of as few cohorts as possible are considered, and perhaps the industry can provide regular feedback to the Regulators to ascertain if further cohorts are needed to make more meaningful assessments.

Chapter 6: Quality of services.

11. Are these the right metrics to include as options for assessing effective communications? Are there any other communication metrics that are readily quantifiable and comparable that would capture service to vulnerable or different kinds of savers?

We are pleased to see the Regulators are in joint agreement that a holistic view is needed to assess value for money; i.e. it is not as simple as concluding that schemes with the lowest charges provide the best value for money.

We agree that member communications and engagement form part of the value proposition and we appreciate it is difficult to develop quantifiable metrics that accurately assess the quality and effectiveness of a scheme's member communications.

- Members who update their Selected Retirement Date (SRD)- this will not take into account any members who have proactively reviewed their default retirement date and are happy with it, and often, it is members closer to retirement who will proactively start to review and update their SRD. Therefore, there is the risk that schemes with lower average ages could be negatively impacted if we consider this as a metric across all members.

- How members wish to take their benefits - we do not typically see this data field being captured by trustees, administrators nor employers prior to a member wishing to access their benefits.

- Members who have updated their expression of wishes (EOW) - this can be a useful metric to assess effectiveness of communications. However, we note that there is typically a high correlation between actively engaged employers supporting and encouraging members to complete their EOW form with a high proportion of members doing so, compared with those employers who are less engaged. Therefore, this could skew the figures for assessing the value for money a 'scheme' provides members (this would also have a negative impact on schemes that do not have an active employer associated with them).

- The outcomes of member satisfaction surveys, including the percentage of members who have completed the survey - we can see merit in these surveys being issued and assessed, but perhaps it would be more effective for trustees and providers to issue a standard survey that has been set by the Regulators, to ensure consistency, avoid any manipulation and minimise the subjectiveness of results.

- The Net Promoter Score (NPS), and/or member feedback against a small number of standard focus questions - NPS is a useful indicator for businesses to understand how schemes are performing generally, and/or to identify specific issues (or matters members value/appreciate) in light of trends. We feel it can be challenging for pension providers and administrators to use NPS as a tool for comparative measures, as they can be influenced by the wording and framing of questions, the timing of these being sent and the audience receiving these. We also note, not all providers or administrators conduct NPS.

To provide a more effective measure of the quality and effectiveness of communications, SPP members have suggested that trustees and IGCs can consider the open rates of emails sent, and subsequent click through rates to relevant tools, website or articles. Consideration for how long members spend reading e-communications could also be used as an effective measure.

We feel that tools, webpages and online account usage metrics could also be an effective measure of assessing member engagement levels.

We have some concerns with using metrics which do not take into account members who do not take action or deviate away from default positions because members are happy with them (i.e. taking an active decision to stay in their default). This decision does not mean they are not engaged with their scheme. This approach could also lead to providers or trustees encouraging members to take 'any' action, regardless of whether it is the right action, purely to get 'higher engagement levels' for their value for money assessments.

12. Are these the right metrics to include as options for assessing the effectiveness of administration and/or are there any other areas of administration that are readily quantifiable and comparable?

We feel that the specified criteria will be broadly effective to assess the effectiveness and quality of administration services, however, we would like to suggest that 'complaints' (received and upheld)/1000 accounts (to manage proportionality) in respect of scheme administration, should be considered. This will enable trustees and IGCs to ascertain the quality of administration and to identify any dissatisfaction from members. We also feel consideration for the payment of benefits should be given, when members want to access their benefits.

In light of the experience of our members who have IGCs and the work they have carried out in light of COBS19, we wanted to note it is challenging for schemes to make reasonable comparisons between other schemes' services (noting these challenges exist despite providers working collaboratively to allow relevant comparisons to be made under COBS19). One of the key issues is the inconsistency of reporting on SLAs; some providers/administrators operate SLAs using a 'stop the clock' basis, and others use the 'end-to end' basis.

We do therefore have general concerns that data not being understood and subsequently misinterpreted, could have negative and damaging consequences.

Chapter 7: Disclosure templates and publication timings.

13. Do you agree with a decentralised or a centralised approach for the publication of the framework data? Do you have any other suggestions for the publication of the framework data?

A centralised approach allows for efficiencies for scheme trustees and IGCs to easily find the data (rather than searching across multiple websites to locate it across different providers and individual trustee webpages).

We note that Pensions Dashboards should be operating in the near future, with scheme administrators and providers being readily 'plugged' into this in due course and therefore perhaps this can be considered/expanded to accommodate hosting the value for money framework data.

14. Do you agree with the proposed deadlines for both the publication of the framework data and VFM assessment reports?

We are broadly in agreement with the proposed timescales. However, in light of the proposed actions required following the assessment; the timescales would not allow any changes to be reflective of the report due in two years' time, as this will be based on data which is c16 months behind. Therefore, some consideration in this regard will need to be given.

Chapter 8: Assessing Value for Money.

15. Do you think we should require comparisons against regulator-defined benchmarks or comparisons against other schemes and industry benchmarks?

Considering the relative merits of each type of benchmark our preference is regulator-defined benchmarks as we would expect these to be less volatile and offer a more consistent measurement and comparison. As has been highlighted, there is also less opportunity for 'gaming' which we consider to be a key risk given that fundamental strategic decisions are likely to be taken off the back of VFM results. Regulator-defined benchmarks are expected to be less time and cost-intensive for schemes as they would not need to take decisions about comparators on an annual basis.

16. Do you agree with the step-by-step process we have outlined, including the additional consideration?

Whilst the areas to be assessed appear logical, the process is complex and subject to wide interpretation. We expect it will also increase VFM assessment costs for many.

The potential savings driven by economies of scale do not necessarily equate to driving better member outcomes as they are likely to lead to too much focus on just the cost element. Also, a diversified investment approach in a DC arrangement does not necessarily deliver better investment outcomes in the long term. The type and variety of investment options available to members can differ significantly between schemes and arrangements. If it is accepted that there is no single definition of what constitutes good value, any comparator group would need to take this into account.

17. Do you agree with a 'three categories' / RAG rating approach for the result of the VFM assessment?

We agree with the 3 categories identified. Having a simplistic approach avoids misinterpretation and allows the correct course of action to be embarked on.

On wind-up and/or consolidation there could be situations where a scheme is rated Red but, due to barriers imposed by other regulations or governing legislation, is not able to address this, e.g. a DC scheme with DB underpin, hybrid schemes where members have DB and DC and a PPCLS across their combined benefits. We recommend that the DWP considers such barriers to consolidation as part of the remit to deliver better value for savers.

We support the publication of the RAG rating, but not the actions the scheme intends to take if a Green or Amber rating is identified. We would expect the latter to be a matter for the scheme and the Regulator and not made public knowledge.

18. How should we take into account the specific challenges of contract-based schemes while ensuring equivalent outcomes for pension savers?

Given the direction of travel between the two Regulators, and their drive to deliver value for savers no matter what type of pension arrangement they are in (e.g. trust-based/contract based) we believe that Providers should have the ability to move savers who are in underperforming schemes and where VFM is unlikely to be improved without saver consent. We agree that specific legislative provisions should be introduced to allow this process to be undertaken. In the same way that there are requirements and guiding principles for transfers without member consent in the trust-based market, we would expect proportional requirements to be established for non-consent transfers in the contract-based market.

19. Do you agree with our proposals on next steps to take following VFM assessment results, including on communications?

Yes, we agree that the disclosure of the VFM assessment result is appropriate and that employers should be made aware of the results for their scheme(s), including for trust-based schemes, as this enables them to take timely action/work with trustees, where required. In terms of providers, we believe this will push them to take action to improve VFM as the alternative is to lose business. As trustees communicate the VFM result through the Chair's statement, and the expectation is that this will be removed to avoid duplication of reporting, we would instead expect schemes to have a range of options to communicate to members and be able to take their own legal advice on matters relating to messages about poor value.

Chapter 9: The VFM framework and Chair's Statement.

20. If the Chair's Statement was split into two separate documents, what information do you think would be beneficial in a member-facing document?

The consultation paper assumes a competitive market at the member level, but that is not how it works in the workplace pension space. During the employer contribution accrual phase, the only competition is at the employer level, and the trustee level, but not the member level.

The only VFM criteria directly focused on members is "A clear driver of saver outcomes". We would recommend that the same approach be taken to the member-facing part of any chair's statement – it needs to be driven by a realistic assessment of what the member is expected to do with the information. Where another party (regulator, employer, provider) should be expected to take ownership of the issue, the data should be in the non-member version.

During the accrual phase in a workplace arrangement, whether employer-managed or a retail offering, the member does not have a choice of scheme – under current regulations, the employer will only pay contributions to the scheme the employer designates. The member's choice, while

actively employed by the sponsor, is limited to (a) selection of funds for investment, (b) the level of contributions above the minimum required for membership, and (c) leaving the employer. For this purpose it is very relevant what the employer is subsidising and how, and when, that impacts on costs and charges – this is a benefit that is not available elsewhere.

The position changes once the employer contribution phase has ended e.g. by leaving the employer. Once relevant employment has ceased, value for money becomes much more relevant as the member no longer needs to stick to the same scheme. However, it is not the role of a member to monitor and regulate the proper running of the scheme. This should be a regulatory role.

We would therefore suggest all general compliance aspects go into the technical version, which is made available on a website, but not pushed in front of members. This material is for regulatory supervision and performance assessment by the employer. This includes for example reporting on reviews, and on divergence from statutory guidance, trustee governance and TKU. Where information has been difficult/impossible to obtain, that is a conversation to have with the regulator, not with a member.

With VFM being to a different timetable than the Chair's statement we would suggest the VFM be the main source of comparative data, with the chair's statement limited to those aspects which are not covered by the VFM, and any changes that are going to be made as a result of that separate VFM assessment. Charges and costs of individual funds, and illustrations are relevant here, but any employer subsidy needs to be clearly addressed.

Asset allocation and the various new requirements incoming for the Chair's statement should also be sifted by reference to these principles.

21. Is there any duplication between the VFM framework proposals and current Chair's statement disclosure requirements?

There is considerable cross-over and we would recommend the Chair's statement shrink and be replaced by the VFM framework which seems more appropriate as an assessment of competitive strength.

Chapter 10: FCA specific issues.

22. Should individual SIPP arrangements be excluded from the requirement on providers to establish an IGC/GAA and to publicly disclose costs and charges and, if so, under what circumstances?

While the original premise of SIPPs was that they were for the financially adept, the reality is that retail SIPPs are now available to individuals who are not well-advised and do not have access to sufficient information to judge whether they are getting value for money.

The FCA currently expects any SIPP under which the provider provides access to investment funds it operates, or which are operated by an entity with the same ownership to have an IGC (COBS 19.5.4). This correctly reflects the complexity of the plan and by extension the need for consumer protection.

If the FCA considers that an IGC/GAA at the individual SIPP level is overkill, the provider and administrator of retail SIPPs should nonetheless be answerable for VFM. We would encourage the FCA to look into ways to make providers report on, and be answerable for, this in such a way that customers have comparable information and protection to those in larger workplace plans.

23. Do you think there would be merit in a proposal to mandate the inclusion of a pension saver-focused summary alongside the IGC Chair's Report?

We would be in favour of this, for the same reasons as we would welcome a split up of the information currently to be made available via the Chair's statement for occupational schemes. In fact, we would favour only the saver-focused summary going directly to the individual, with links to the more technical report embedded in that report. The important thing is making sure the saver-focused report is sufficiently engaging to alert the saver to the primary risks the saver should be monitoring.

24. Do you think the provider or the IGC should be responsible under FCA rules for the publication of framework data?

The provider.

Chapter 11: Impacts.

25. Which of the metrics do you not currently produce? (This could be for either internal reports or published data). Do you envisage any problems in producing these metrics?

No comments.

26. Do you agree with our assumptions regarding who will be affected by the framework?

Employers will be impacted as they will likely be need to engage their own advisers, especially where the VFM result is a Red rating but some would be expected to do the same for an Amber rating.

27. Are you able to quantify these costs at this stage? Are there additional cost components we have not considered? Do you expect these costs to be significantly different for commercial providers and multi-employer schemes?

No comments.

28. Overall, do you think the benefits of the framework outweigh the costs? Are you able to quantify any of the potential benefits?

This is difficult to access at this stage, however, the market is already operating well for schemes that represent the majority of DC members. Our view is that regulators should focus on smaller schemes/those under supervision or do not properly engage with TPR/legacy schemes.

Additionally, the impact of sub £100m value for member tests should be fully assessed and understood before further interventions are imposed on the market.

For a number of our members in the Benefits consulting space, their trust-based schemes undertake their own VFM assessments annually and use benchmarking data from a number of sources including their own surveys. The benchmarking helps identify the areas of focus for our schemes going forwards. Some of our members believe that re-working their client VFM frameworks to fit the new framework will outweigh the benefits.

A key concern of ours is the potential for a reduction in innovation and differentiation in approaches to investment delivery.

29. Are there additional benefits we have not identified?

The value of contributions paid by an employer are not visible in this framework and neither is it explicit in terms of any additional costs that an employer may pay for or additional benefits that comes with scheme membership; e.g. a higher level of death in service benefits.

30. Do you have any comments on the potential positive and negative impacts of these proposals on any protected groups, and how any negative effects could be mitigated?

We support the aim to deliver value for members. In particular, the driver of securing better outcomes for those not engaging with saving for later life and also making it easier for people to engage where appropriate should then support those with disabilities that make such engagement more challenging.

The focus on engagement as part of VFM (if done well) is positive as it should make relevant information more accessible and highlight and address issues such as pension gaps that occur in relation to protected characteristics. A robust VFM framework and the provision of relevant metrics to scheme decision-makers will help create safety measures for those who do not engage, which may include those with protected characteristics.

Response ends.

Yours faithfully,

Martin Willis,
Chair, Defined Contribution Committee, SPP

Fred Emden
Chief Executive, SPP

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We do not represent any particular type of pension provision nor any one interest-body or group. Our ethos is that better outcomes are achieved for all our stakeholders and pension scheme members when the regulatory framework is clear, practical to operate, and promotes value and trust.

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