



Pensions Workshop:  
DC Plans in the UK and the Netherlands: exchanging experiences  
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# Regulatory issues

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# Introduction

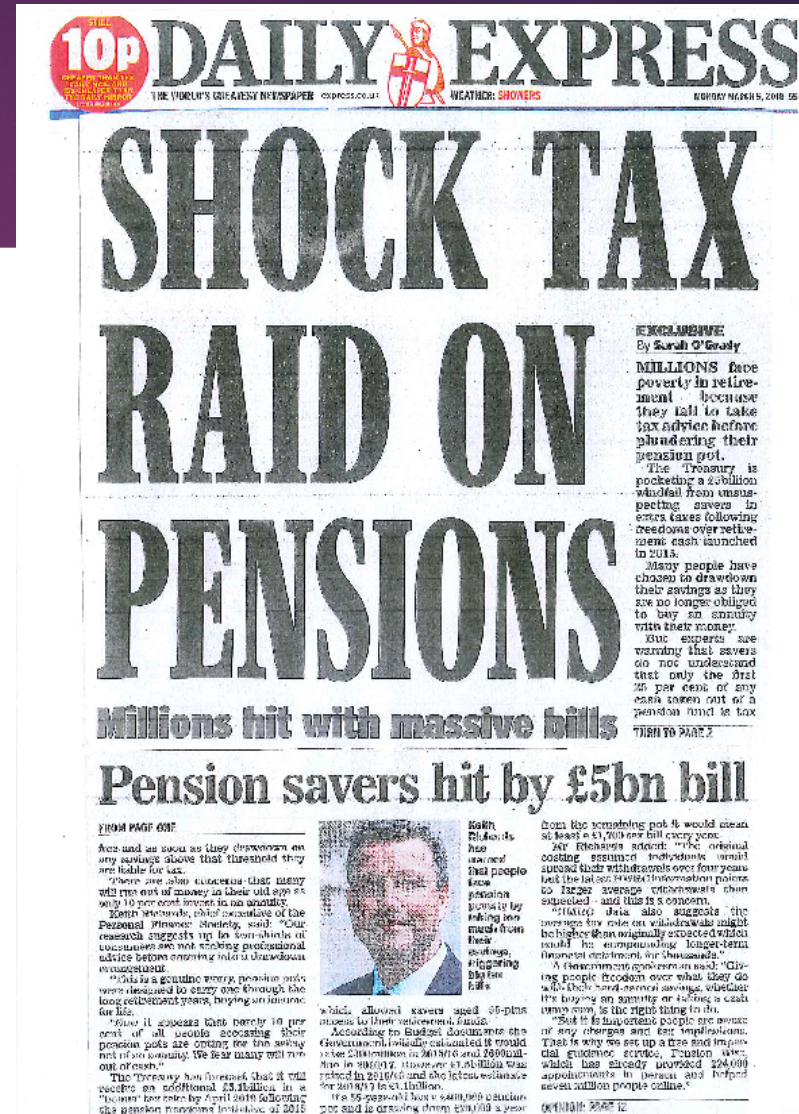
- ▶ Background
- ▶ Regulatory permission
- ▶ Regulatory control
- ▶ Principles based regulation
- ▶ Outstanding issues





# Background

- ▶ Demand for CDC
  - ▶ DB issues
  - ▶ DC issues
- ▶ Lawmakers response
  - ▶ DA
  - ▶ CDC
  - ▶ Overseas experience
  - ▶ Demand
  - ▶ Regulation!



# Lawmakers' concerns

- ▶ Daily Mail
  - ▶ Future complaints
  - ▶ Hidden traps
  - ▶ Precautionary principle
- ▶ Obvious concerns
  - ▶ No demand
  - ▶ Misrepresentation
  - ▶ Misunderstandings
  - ▶ Failures
  - ▶ Frank Field





# Other concerns

- ▶ Expectations
- ▶ Benefit reductions
- ▶ Litigation / class actions ex post facto
- ▶ [EU]
- ▶ Insolvency
- ▶ Theft / scandal



# Legal issues

- ▶ Primary legislation
- ▶ Secondary legislation
- ▶ Taxation
- ▶ Regulation





# Regulation

- ▶ Workplace or something else?
- ▶ Penalties
- ▶ Control
- ▶ Trustees, employers and members
- ▶ Communications



# Member information

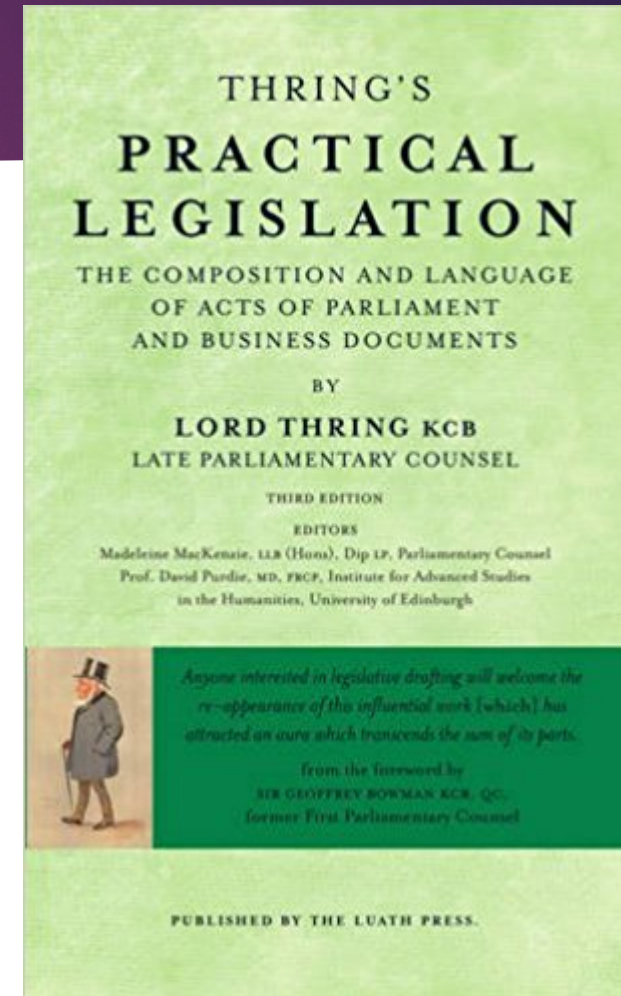
- ▶ Framing of offering: Is it better to have
  - ▶ £20 100% guaranteed (ie DC subject to investment regulation) or
  - ▶ £100 expectation which might turn out to be £80 unguaranteed, trustee regulation





# Dangers in drafting

- ▶ Over-zealous regulation
  - ▶ Anti-competitive
  - ▶ Restrictions on design
  - ▶ Regulatory compliance costs
- ▶ Political pressures
- ▶ Industry pressures
- ▶ Demand led
- ▶ The making of guarantees



# Conclusions

- ▶ There is a demand
- ▶ Regulatory zeal needs to be managed
- ▶ Legislation needs to avoid plan drafting – allowing a thousand flowers to bloom
- ▶ Speed and simplicity complies with government's regulatory objectives
- ▶ 1 in 3 out

