Pensions Workshop:

DC Plans in the UK and the Netherlands: exchanging experiences Pensions Institute, Cass Business School 9 April 2018

Regulatory issues

JULIAN BARKER, PRIVATE PENSIONS POLICY AND ANALYSIS, DEPARTMENT FOR WORK AND PENSIONS

ROBIN ELLISON, PINSENT MASONS & CASS BUSINESS SCHOOL

Introduction

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



Background

- Demand for CDC
 - DB issues
 - DC issues
- Lawmakers response

 - CDC
 - Overseas experience
 - Demand
 - Regulation!



By Surah O'Grady

Millions hit with massive bills

MILLIONS face poverty in retirement because they fall to take tax advice before plundering their

pension pot.
The Treasury is pocketing a 25billion windfall from unsuspecting savers in emra taxes following ment cash taunched

Many people have chosen to drawdown their savings as they are no longer obliged to buy an annuity with their money.

But experts are warning that savers do not understand M5 per cent of any cash token out of a

Pension savers hit by £5bn bill



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

THRING'S PRACTICAL LEGISLATION THE COMPOSITION AND LANGUAGE OF ACTS OF PARLIAMENT AND BUSINESS DOCUMENTS BY LORD THRING KCB LATE PARLIAMENTARY COUNSEL THIRD EDITION EDITORS Madeleine MacKenzie, LLB (Hons), Dip LP, Parliamentary Counsel Prof. David Purdie, MD, FRCF, Institute for Advanced Studies in the Humanities, University of Edinburgh PUBLISHED BY THE LUATH PRESS.

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

