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
- 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 (i.e., 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