

Defined Ambition Team
Private Pensions Policy and Analysis
Department for Work and Pensions
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Reshaping workplace pensions for future generations

I am pleased to respond to this consultation on behalf of the FRC, the UK's independent regulator responsible for promoting high quality corporate governance and reporting to foster investment.

Our technical actuarial standards apply to a wide range of actuarial work including the work of Scheme Actuaries advising trustees, and actuarial advice to employers making decisions on pension scheme matters. The FRC also oversees the professional regulation of actuaries by the Institute and Faculty of Actuaries, and maintains Actuarial Standard AS TM1 which specifies assumptions and methods used in statutory money purchase illustrations.

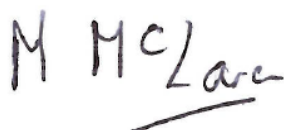
We support the defined ambition (DA) initiative as it considers how the pensions framework can support a wider range of pension scheme designs. This would potentially give employers the flexibility to offer pension schemes that better meet their needs and the needs of their employees. It would also potentially give pension providers more flexibility in the pension products that they offer.

Some of the possible designs might create new risks, particularly where there are guarantees or options, and these will need to be considered in setting the regulatory framework to ensure there is adequate protection for members. We note that this is recognised in the paper and we would be glad to work with DWP and other regulators as the DA project evolves – particularly in the regulation of actuarial matters.

We strongly agree with the comments in paragraphs 33 to 42 on governance, member communications and funding, and in particular that there will be a need to explain to members clearly what the benefits and risks of DA schemes are, and what any guarantees mean. We have suggested in other contexts that a broader review of pension scheme communications should be carried out.

Please do not hesitate to contact me if you have any questions or we can help in any other way.

Yours sincerely



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