

Alan Stewart
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Pensions Committee

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Department for Work and Pensions
Contracting-Out Policy Team
First Floor, Caxton House
Tothill Street
London
SW1H 9NA

15 January 2017

Dear Sir

Consultation on a proposed methodology for equalising pensions for the effect of GMPs

I am writing on behalf of the Pensions Committee of the 100 Group of Finance Directors with regard to the above-named consultation.

The 100 Group

The 100 Group of Finance Directors represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent around 90% of the market capitalisation of the UK FTSE 100 Index, and in 2015 paid, or generated, taxes equivalent to 14% of total UK Government receipts. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our businesses, including pensions, taxation, financial reporting, corporate governance and capital market regulation. The 100 Group represents companies sponsoring defined benefit pension schemes with assets of approximately £500bn and membership of 3.6m.

Whilst this letter expresses the views of The 100 Group of Finance Directors as a whole, those views are not necessarily those of our individual members or their respective employers.

Response

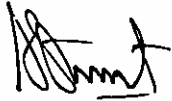
The 100 Group appreciates the work that has gone into this consultation in developing a possible method for equalising for the effect of unequal GMPs that appears to be less onerous than the method previously proposed. However, we question whether now is the right time for the DWP to be reopening the question of whether and how benefits should be equalised for the effect of GMPs.

There has always been some legal disagreement as to whether there is a need to equalise for the effect of GMPs under current legislation and, as the consultation document itself notes, there is now further uncertainty as to how the decision to leave the EU will impact on this question. We also note that the Lloyds Trade Union has recently brought a case over whether benefits need to be equalised for the effect of GMPs.

Given this background, we suggest that it would make more sense to wait until the outcome of the Lloyds case is known and the impact of the UK's departure from the EU on the UK's pensions and equality legislation can be more clearly understood before proceeding any further with this policy. Otherwise, there is a risk that pension schemes (and their sponsoring employers) may find themselves faced with considerable costs from planning for an equalisation exercise that may turn out in the end not to have been necessary.

We hope that you find these comments useful. Please do not hesitate to contact me if you would like to discuss any of the points raised.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Alan Stewart', written in a cursive style.

Alan Stewart
Chairman
The 100 Group Pensions Committee