

Comments Template on Consultation Paper on a Report on Good Practices on individual transfers of supplementary occupational pension rights		Deadline 10 April 2015 23:59 CET
Name of Company:	The 100 Group of Finance Directors (Business Association) (UK)	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Please insert the name of your NCA in the box next to "Name of Company". Please also specify the sector of your business in brackets (Consumer Associations, Training/Eductaion bodies, Industry), as well as your Country; ⇒ <u>Do not change the page numbering</u> in the column "reference" ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row, giving reference to the paragraph number where given. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-15-001@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The page numbering refers to the Consultation Paper on a Report on Good practices on individual transfers of supplementary occupational pension rights.</p>		
Reference	Comment	
General Comment	The 100 Group 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 FTSE 100, collectively employing over 7% of the UK workforce and in 2014, paid, or generated, taxes equivalent to 14% of total UK Government receipts. Our overall aim is to promote the competitiveness of the UK for UK businesses, particularly in the areas of tax, reporting, pensions, regulation, capital markets and corporate governance.	

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In general terms, we welcome EIOPA's contribution to identifying good practice across all EU member states, which can serve as a 'source for stakeholders wishing to improve the conditions for both domestic and cross-border transfers' (page 6). We think that EIOPA can play an important role in communicating the good practice that already exists in some member states so that it can be applied across the whole of the EU, including member states where supplementary occupational pension provision is much less well established. For example, the UK already has a well-established legal framework under which transfers between schemes can take place, which we think can provide useful material with which other member states could build, subject to their own local circumstances.

We therefore also welcome the comment that the observations in the report are not meant to be exhaustive or universal, may not be readily applicable in some member states or in very small schemes, should be regarded as principles-based and only applied to the extent that they are of benefit within individual member states (page 6). We also note EIOPA's recognition that the Good Practices identified are not legally binding or subject to a 'comply or explain mechanism' (page 8). We believe that the identification of underlying Good Practice principles is a proportionate approach and one that could be followed elsewhere in the European regulation of pensions.

We are largely in agreement with the specific Good Practices identified in the consultation paper, which are for the most part in line with the existing UK framework for transfer values.

However, we note a few areas where we think the Good Practice should be reworded to some extent:

Good Practice 4 (page 19): in the UK, it is common practice for most DB schemes not to allow transfers-in of benefits. This is because accepting a transfer-in involves the DB pension scheme in question taking on the risk that the transfer value received is insufficient to provide the promised benefits. We believe that this approach reflects Good Practice and protects the interests of members who are already in the scheme to

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	<p>which the transfer is proposed (who might otherwise see the security of their benefits reduced in order to provide additional funding for a transferred-in pension). We therefore believe that the principle of it being Good Practice for a member to be able to request a transfer-in should be restricted to DC schemes.</p> <p>Good Practice 7 (page 23): large UK schemes (such as those sponsored by 100 Group companies) typically do provide members with online access to information relating to their benefits (which may include some information relating to transfers). However, online access is not appropriate for all schemes, employers or members. For example, many blue-collar workers will not have access to a computer at work, and may not have access to a computer at home either. For such members, paper-based communications will remain important.</p> <p>Good Practice 8 (page 23): if there is a perceived recommendation of an adviser by the scheme (or the sponsoring employer), then the scheme (or employer) could find themselves liable for the quality of the advice provided by that adviser. We therefore do not believe that it is the role of the scheme to offer the member the opportunity to receive advice prior to transfer, even though EIOPA acknowledges that it will typically be for the member to pay for that advice. The role of the scheme should be limited to signposting to the member that they should take properly regulated advice and it should be for the member to arrange for that advice. In the UK, from 6 April 2015, transfers from DB to DC schemes will only be possible where the member has taken independent regulated advice. It is also important to note that employers should not be responsible for paying for, or arranging, such advice, except in certain limited circumstances (for example, where they are running an exercise to encourage members to transfer out).</p>	
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