

Please reply to:

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Dear Sir,

### **Public consultation: Reshaping workplace pensions for future generations**

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

The Hundred Group represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent almost 90% of the market capitalisation of the FTSE 100, collectively employing over 7% of the UK workforce and in 2011 paid, or generated, taxes equivalent to 13% 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.

The future of retirement provision has been one of the Pensions Committee's key themes for discussion in recent years. In particular, we have considered the reasons why employers provide pensions, and whether their objectives in so doing have changed. We have therefore followed the development of the defined ambition agenda with interest. We recognise the considerable thought and hard work that have gone into this consultation.

In responding to this consultation, we have not answered the detailed questions set out in the consultation paper. Instead, we write to give you a flavour of the views on defined ambition within the Hundred Group Pensions Committee. It is fair to say that there are mixed views on the Committee (and we would expect within the Hundred Group as a whole).

Some companies (especially those with open DB schemes) warmly welcome the idea in principle, although note that further work and enabling legislation will be needed to implement some or all of these models in practice. There is also interest in aspects of the proposals that will enhance DC provision without the employer having to take on more risk.

Other companies are more sceptical about the concept. In particular, they doubt whether companies that have already made the move to DC will have any appetite to move to defined ambition and take back on some of the risk they have given up. In particular, employers are concerned about the political risk that a future government might tinker with any defined ambition settlement, making such schemes more onerous for employers.

Some would go further and suggest that, given that few corporates are likely to adopt such models, further discussion of defined ambition could simply be a distraction from the real pensions issues for many employers, in particular during the roll-out of automatic enrolment.

Overall, then, whilst defined ambition schemes may be a welcome and viable option for some employers, for many others this is not the right focus at the present time.

I trust that these comments are useful.

Yours faithfully,

**Jose Leo**  
*Chairman*  
*The Hundred Group – Pensions Committee*