

DC Consultation
Policy and Guidance Team
The Pensions Regulator
4th Floor, Napier House
Trafalgar Place
Brighton BN1 4DW

15 January 2007

Dear Sir

Consultation document: How the Pensions Regulator will regulate defined contribution schemes in relation to risks to members

I am writing on behalf of the Hundred Group of Finance Directors in response to your invitation to comment on the consultation document named above. The Hundred Group represents the Finance Directors of the UK's largest companies.

We are broadly supportive of the proposals contained in this consultation document, but wish to raise two key points. As we are responding to the consultation from a high level perspective, we hope you will understand our decision to respond by letter rather than using your proforma.

1. There is a risk that reading and applying the guidance proposed by the consultation document will prove an onerous undertaking and will deter companies from continuing to provide defined contribution schemes (especially given the availability of personal accounts as an alternative method of pension provision from 2012). This would run counter to the government's stated aim of encouraging employers to continue to provide high quality pension schemes.
2. It is not employers or trustees who should bear the ultimate responsibility for members' understanding of the risks of their defined contribution scheme. Employers and trustees may provide appropriate literature for members, but members can still fail to read, understand or apply the information provided. Financial education and understanding is a wider issue that needs to be addressed more generally by the relevant authority or government department.

We would urge you to bear these two points in mind when finalising your regulatory approach to ensure that any guidance issued to the providers of defined contribution pension schemes is proportionate and does not have unintended consequences.

Yours faithfully,