

Tim Found
Dept for Work and Pensions
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Dear Tim,

Disclosure of information requirements in pension schemes – proposed amending regulations and response to earlier consultation

On behalf of ILAG, I have pleasure in submitting the following comments on the above consultation.

ILAG is a trade body representing members from the Life Assurance and Wealth Management industries. ILAG members share and develop their practical experiences and expertise, applying this practitioner knowledge to the development of their businesses, both individually and collectively, for the benefit of members and their customers.

We have comments on three areas.

Firstly, Section 15 lists the information that can optionally be provided by signposting and specifically 'the statement specifying assumptions made in relation to future contributions to the scheme'. Whilst we wonder whether many providers will simply leave their SMPI illustrations as they are to avoid the cost of making the changes, such signposting can make electronic statements more presentable.

We consider that for the most part people will simply look at the figures and not bother to look at any further notes, and as such they could be misled into thinking, for example, that the projections are based on their contributions to date rather than an estimate of future contributions as well.

Additionally we have concerns with some situations where sign posting might be adopted. For example, an employee joins a GPP and receives an illustration in accordance with FSA rules quoting in future values. After a year in the scheme, the employee receives an SMPI projecting in today's values, and decides that he should invest more in his pension and requests a quote from the provider which will be expressed in future values. Not withstanding any underlying value assumptions, this inconsistency would be confusing for the customer.

Secondly, we are concerned that the draft regulations are locking the Industry into yesterday's world and consequently are an opportunity lost.

Since the original regulations were drafted in 1980, pensions employment and society have all moved a long way, and we feel the opportunity to move to purposeful legislation has been missed.

As drafted, the regulations could act as a constraint on evolving and improving the quality and relevance of member information. The Government would appear to want the slowest to set the pace rather than those who wish to move faster when it comes to improvements in this area.

Similarly, whilst there is nothing in current legislation that prevents information from being presented electronically, the prescriptive parts of the regulations concerning electronic means are overly restrictive. For example, there is an over emphasis on the recipient's ability to print information. With the increased use of smart phones and similar technology we would question people's continuing desire to print information. To accommodate such trends the Regulations will need a greater level of future proofing.

Finally, basic Information about the scheme must be provided in respect of Occupational Pension Schemes within one month (instead of two months) regulation 4(4)(b). This is because of the need to satisfy auto enrolment requirements. Perhaps there be some consistency where a personal pension scheme is the basis of a Group Personal Pension which is used as a Qualifying Scheme for the purposes of auto enrolment; the draft regulations leave this requirement at 13 weeks.

If you would wish to discuss our response in more detail we would be happy to do so.

Yours sincerely

Mark Searle
Administration Team