ASSOCIATION OF
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CONSULTING ACTUARIES

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Tim Found
Department for Work & Pensions
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Dear Tim

Consultation on disclosure of information requirements

I am writing on behalf of the Association of Consulting Actuaries, in response to your consultation on disclosure of information requirements dated March 2009.

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members of the Association are all qualified actuaries and are subject to the code of professional conduct of the Faculty and the Institute of Actuaries. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of defined benefit pension schemes.

The ACA is the representative body for consulting actuaries, whilst the Faculty and Institute of Actuaries are the professional bodies.

Generally, we welcome the proposed restructuring and simplification of disclosure requirements. Our main concern is how the suggested overarching principle will interact with the revised specific disclosure requirements, as set out in our comments on your questions below.

Question 1

Against the background that a streamlined set of prescriptive provisions would still be required for the purposes of satisfying IORP and in the interests of certainty for schemes, do you support the addition to the legislation of a key overarching disclosure principle?

Response

It is not completely clear how the overarching principle will interact with the revised specific disclosure requirements. In particular, there are a large number of areas in which specific disclosure requirements will continue to apply. Some trustees might conclude that they must go further than the specific requirements in these areas, in order to comply with the overarching principle. Guidance would be required to address this issue and it is difficult to support the proposed approach without having an opportunity to consider the potential implications of this further guidance.

Question 2

Do you support the consolidation of general disclosure provisions into one set of regulations, rather than the existing position where disclosure requirements affecting occupational, personal and stakeholder pension schemes are dealt with separately?

Response

Yes, we support this consolidation.

Question 3

Do you consider that the proposed approach outlined in Annex C is appropriate? Detailed comments on particular requirements would of course be welcome.

Response

The approach outlined appears to be appropriate, aside from our specific concern set out in answer to question 1 above. We note that in most areas the proposal would result in no change to the existing provisions but that in a minority of areas there will be simplification. The simplification is to be welcomed provided the overarching principle issue can be adequately addressed.

Question 4

Do you support the proposal for regulations to require relevant information to be provided "within a reasonable period" (see paragraph 34 above) backed with a Code of Practice, replacing the existing approach where timescales are specified in regulations?

Response

We tentatively support this change in approach provided the reasonable periods set out by the regulator are clearly consistent with the current requirements of legislation. Any change in the required timescales is likely to introduce an unnecessary administrative burden.

Question 5

Do you have any views on the disclosure of information by schemes in the context of the automatic enrolment requirement for employers, commencing from 2012? (Paragraph 4 of Annex C proposes a requirement for schemes to provide basic information within 14 days when a new employee commences pensionable service…)

Response

If the legislation above is amended to refer to reasonable periods then it would be appropriate to adopt a consistent approach here. In addition, we have some concern that the proposed 14 day period may be too short for an absolute maximum.

Question 6

Do you have views on the proposal to allow greater use of electronic communications and on how schemes could make significant cost savings from this change?

Response

We support legislative change to allow the use of electronic communication in satisfying the disclosure requirements. We agree that this will not always be appropriate however, and that paper based communication would be appropriate on request, or where no email address has been provided. In addition, for communication that requires a response from the member, it is likely to be appropriate to use paper-based communication if electronic communication fails to provide the necessary response.

We hope this is helpful.

Kind regards

Charles Young
Chairman
ACA Pension Schemes Committee