MERCER

CONSULTING. OUTSOURCING. INVESTMENTS.

TPR'S OBJECTIVES

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The Pensions Regulator's objectives

- Chancellor announced consultation into TPR's objectives in Autumn statement
  – Chapted headed "Growth" and sub-section headed, "Promoting investment through the tax and pensions systems"
  – "… determined to ensure that defined benefit pensions regulation does not act as a brake on investment and growth"
  – DWP will consult on new objective
    - "to consider the long-term affordability of deficit recovery plans to sponsoring employers."
- Consultation says
  – " … best way for members' benefits and the Pension Protection Fund to be protected in the longer term is a properly funded scheme backed by an ongoing sponsoring employer"
  – Nothing about growth

The Pensions Regulator's objectives
Consultation questions

- **Q6. What would be the advantages of a new statutory objective for the Pensions Regulator to consider the long term affordability of deficit recovery plans to sponsoring employers?**
- **Q7. What would be the disadvantages in creating this further statutory objective for the Pensions Regulator?**
- **Q8. Is the consideration of the long term affordability of deficit recovery plans to sponsoring employers already implicit in the existing objectives and requirements for the Pensions Regulator? If so, is this sufficient?**
- **Q9. Are there other options (including legislation) which would ensure that the Pensions Regulator carries out its functions in a way which appropriately balances protection of members, the Pension Protection Fund and sponsoring employers?**

The Pensions Regulator’s objectives

- To protect scheme members’ benefits;
- To reduce the risk that PPF needs to pay compensation;
- To promote, and improve understanding of, good administration of pension schemes
- Maximise compliance with employer’s auto-enrolment duties

TPR opinion

- “Business as usual” … which is
  - DB ‘directorate’ will focus on protecting members who have accrued savings in final salary or other types of DB scheme.
  - Trustees are the first line of defence
    - i.e. not the employer?
  - The best support for a DB scheme comes in the form of direct cash contributions.
  - Trustees should not assume that an ABC or SPV will always be in the scheme’s interests

Source: Setting the scene for DB, Jan 2012, Stephen Soper