NAPF
Securing the future of pensions

DC fit for the future: supersizing pensions

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Working for a better DC



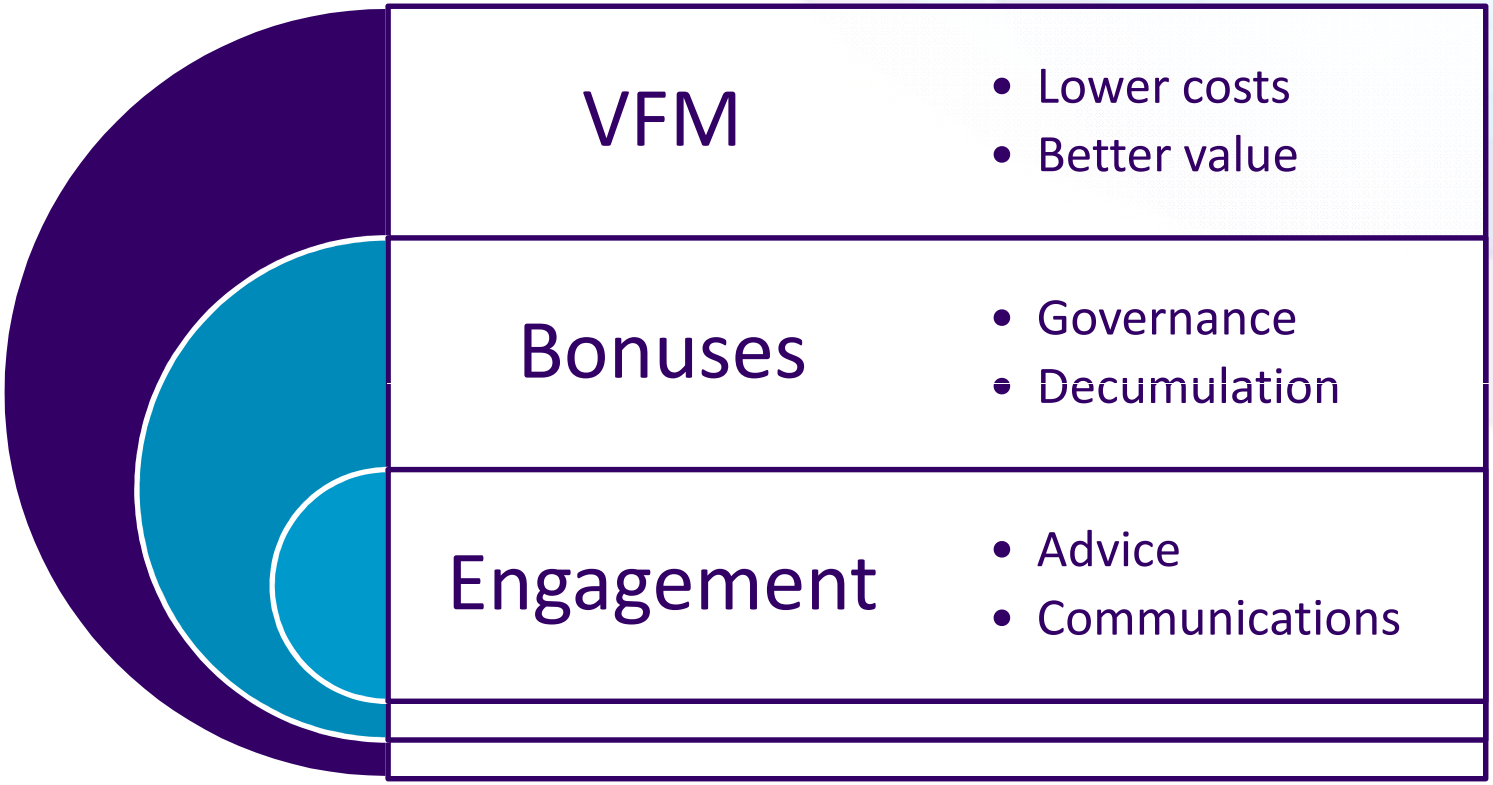
Size matters

Why we need to super size pensions

- Lower cost – bigger pensions
- Decumulation bonus
- Governance bonus
- Access to good advice

Need for scale is widely recognised

Size matters – the need to supersize



=> Need for scale is widely recognised

Super Trusts – pensions of the future?

- Large scale, DC, trust-based, not for profit
  - New DC post 2012
  - Consolidators of existing sub-scale DC
- Legal duty to put members first
- Investment opportunities: reducing members' risk
- Governance bonus
- Better communications
- Low cost – 40 bpts

So like NEST…but more of them

New regulatory framework

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  - TPR authorises Super Trusts
  - Authorises trustees (fit and proper)
  - Regular reports to TPR
  - Regulatory power to de-authorise Super Trust

=> Regulatory regime fit for auto-enrolment

The time is right

- 2012
- TPR review of DC
- New market entrants
- New focus on distribution

Getting from here to there

"reinvigorate occupational pension schemes"

- TPR paper on DC paves the way
- Government – could force the issue…
- …or it could use carrots (and sticks)
- Set out legal framework
- And promote the benefits of scale

It's in the Government's interests – and in savers' interests too

And there's more

- Foundation pension
  - It needs to pay to save
- Transparency
  - People need to know what they are paying for
- Driving better value
  - We need to work DC pots harder