The role of the Pensions Regulator

ACA / APL
Stewart Hastie KPMG LLP

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STILL STRIP

1. **Demonising of sponsors, shareholders**
2. Lack of commerciality in solving high risk cases
3. Excessive focus on downside risks
4. Narrow view on prudence

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Reader's Digest
Take our advice
THE BEST WAY TO

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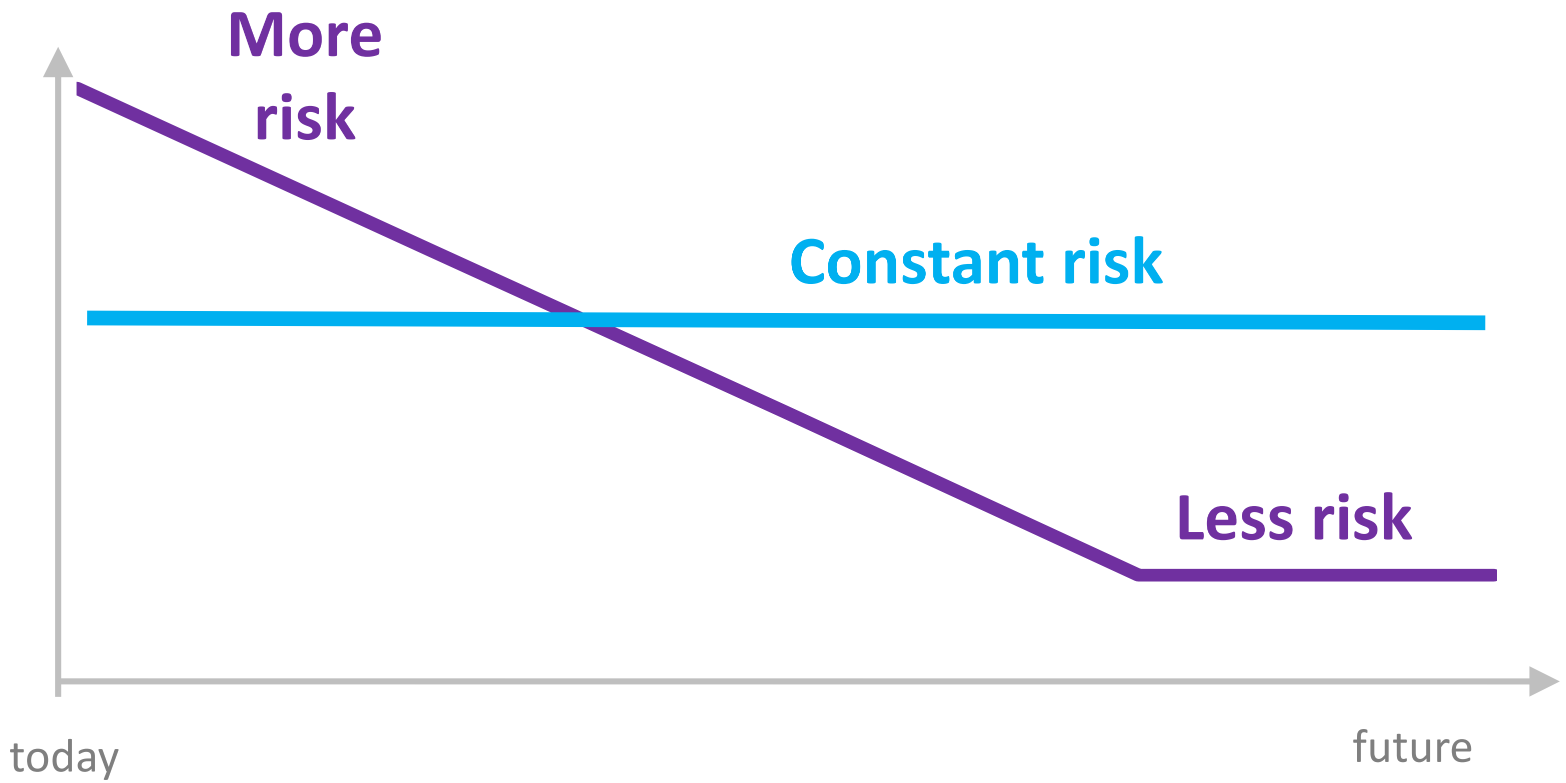
2. Lack of commerciality in solving high risk cases

3. **Excessive focus on downside risks**

4. Narrow view on prudence

covenant uncertainty = nil covenant

Self sufficiency



1. Demonising of sponsors, shareholders

2. Lack of commerciality in solving high risk cases

3. Excessive focus on downside risks

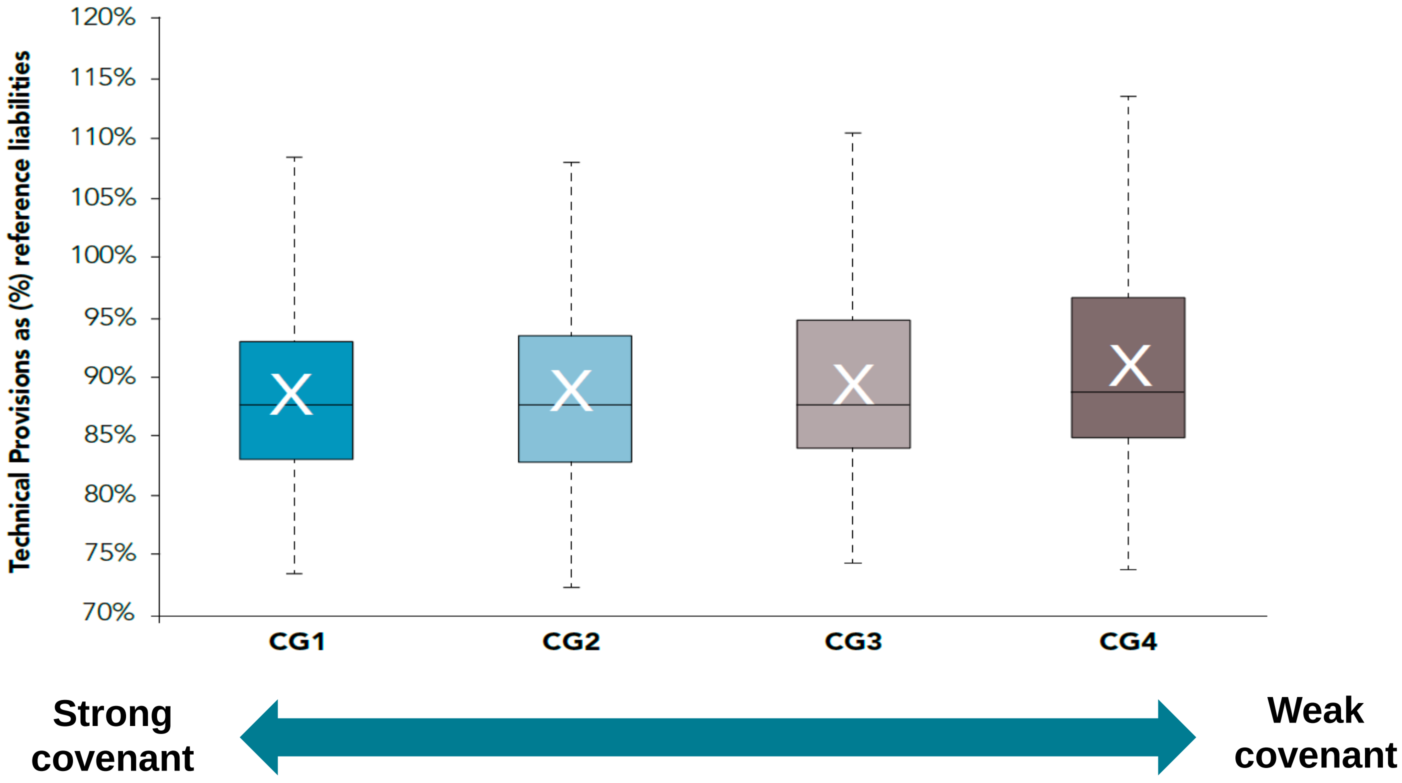
4. **Narrow view on prudence**

The Pensions Regulator

> any increase in asset outperformance …. as an increase in reliance on employer covenant

Source: The Pensions Regulator Statement: Pension scheme funding in the current environment April 2012

TPs and covenant strength

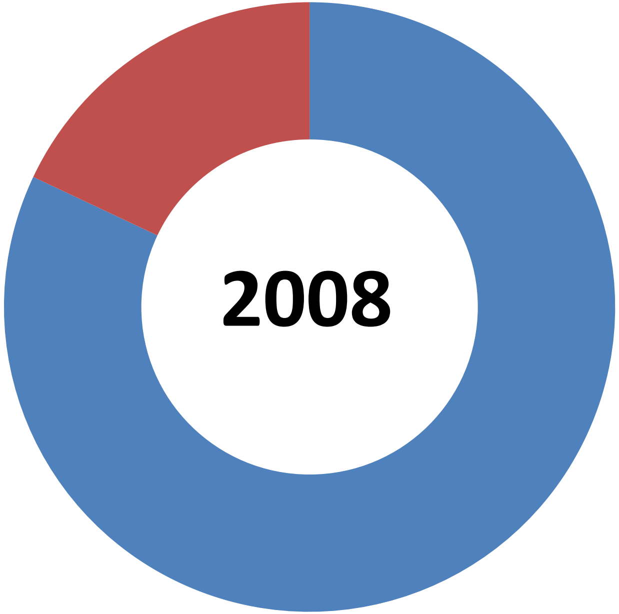


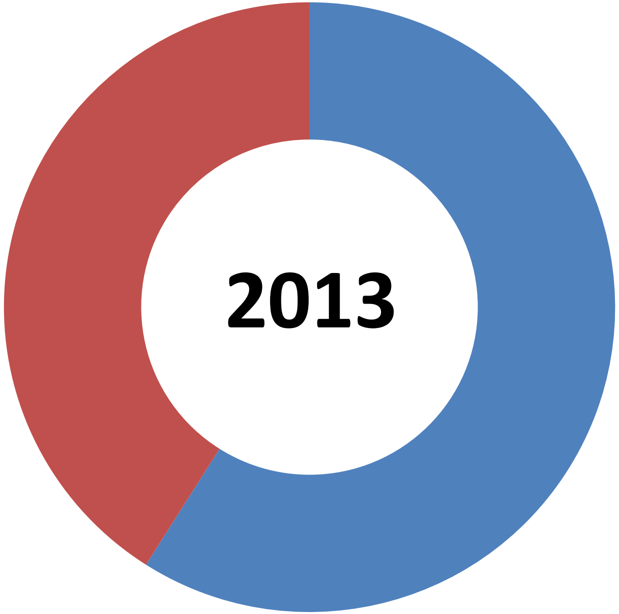
Source: The Pensions Regulator Draft Our defined benefit funding policy

Employer contributions

Source: ONS

FTSE100 still offering DB





Source: KPMG analysis Latest Annual Reports for FTSE100 companies

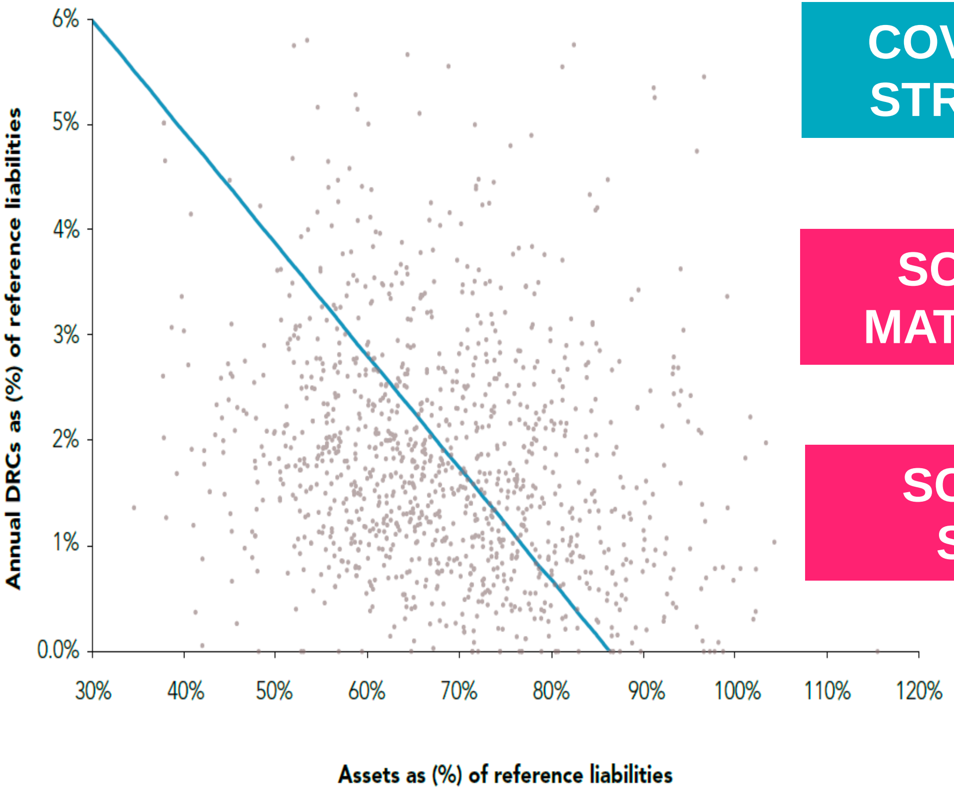
sustainable growth

Integrated approach

FLEXIBILITY

Balanced Funding Outcome

Chart 5.1 – Funding and contributions across a sample of schemes



COVENANT STRENGTH

SCHEME MATURITY?

SCHEME SIZE?

Source: The Pensions Regulator Draft Our defined benefit funding policy

Trainer Player Referee