

# Pensions Strategy

Joint FCA/TPR stakeholder event

# Pensions Strategy

Welcome

# Agenda

- Welcome and introduction
- Keynote speeches
- Looking at our remits: overview and breakouts
- - *Break* -
- Looking at our remits: feedback
- Areas of focus: overview, breakouts and feedback
- Closing remarks

The Pensions  
Regulator



# Keynote

The Pensions  
Regulator



# Keynote

# Looking at our remits

## Overview

# Overview

- We ensure the pensions and retirement income sector meets standards
- Our remits are distinct and complementary
- We work with other public bodies
- We prioritise resource according to risk

# Our remits are distinct and complementary

## The Pensions Regulator

- Set up to protect members benefits, promote good administration, reduce calls on the PPF, and maximise employer compliance with AE
- Regulate workplace pensions and employer compliance with automatic enrolment duties

- Set up to protect consumers, ensure financial markets operate well, and promote competition
- Regulate pensions accessed directly by individuals and providers of related products (such as annuities) and services (such as investment advice)





# Our remits intersect to protect member outcomes as they save

## Accumulation phase

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Automatic-enrolment, payment of contributions to all schemes, workplace scheme governance & funding



Individual/SME financial advice, authorisation of contract-based scheme providers and products as well as financial providers and services that support all pension schemes, for example asset managers

## Decumulation

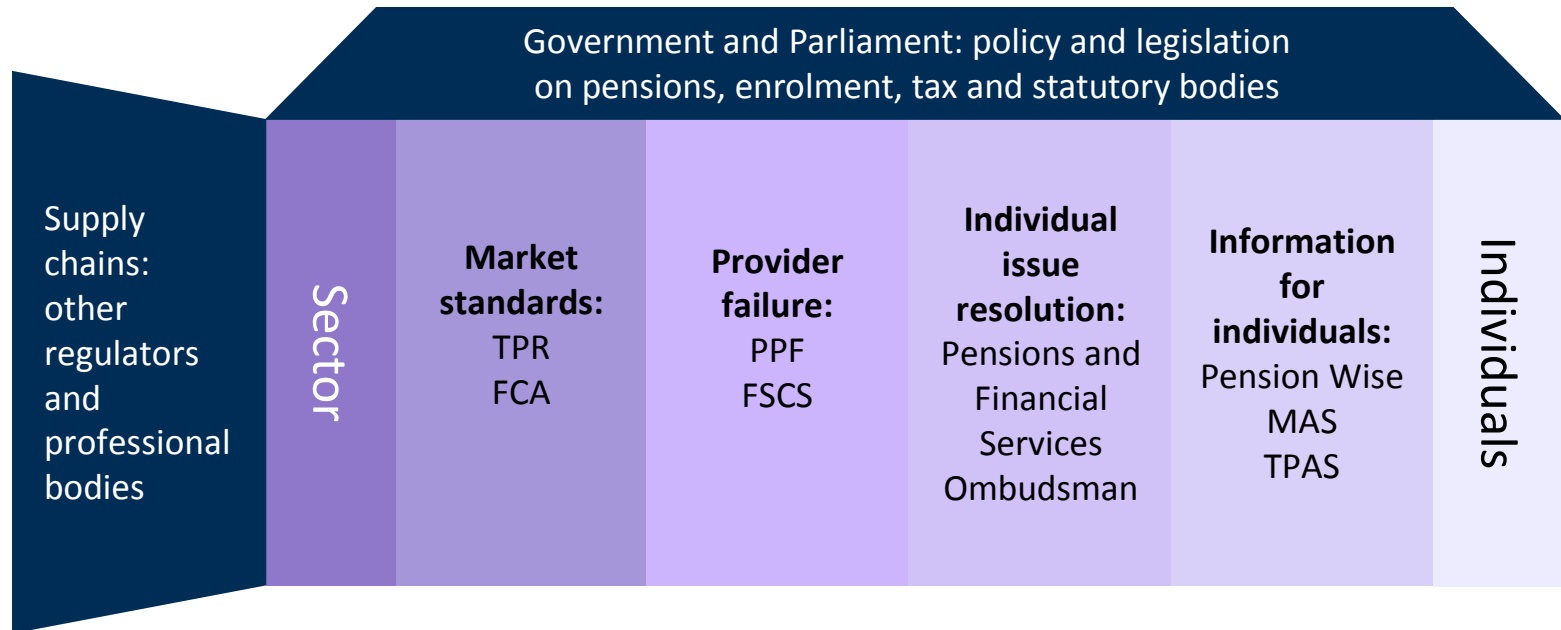
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Information on options and advice, disclosure and consultation from schemes to members



Financial advice to members, regulation of annuities and draw-down products.

# We are part of a framework that supports individuals in saving for adequate retirement income



# Our remits

## Question 1

- TPR and FCA remits intersect in some areas. Do you see this working effectively? Where could it be improved?
- Are there areas where our remits could be further clarified?

# Looking at our remits

Breakouts

# Pensions Strategy

Break

# Looking at our remits

Feedback

# Areas of focus overview

## Overview

# Overarching harm

*People not having adequate income, or the level of income they expected, in retirement.*



- Getting saving off to a good start: access to pensions
- Making sure pensions are well run and funded: effective governance and secure funding
- Making sure pension savings are safe
- Making sure pensions offer good value for money
- Supporting good choices and outcomes for consumers and members



# Overarching harm

## Question 2

- Do you agree that the areas we've identified are the right ones?
- If not, which themes would you add or remove from our list?
- In which areas could the FCA and TPR singly or jointly have the most impact?

# Getting savings off to a good start

- Encouraging and facilitating growth in consumer participation in pensions
- Ensuring schemes and employers abide by their AE duties
- Robust regulatory framework supporting confidence and participation
- Master trusts are an area where we have a joined-up approach

# Getting savings off to a good start

## Question 3

- Given our regulatory remits, what more, if anything, should the FCA and TPR do to support people as they start to save in a pension?

# Well-run and funded pensions

All pension vehicles should have effective governance processes to ensure that members' money is safe and well-managed

## TPR

- 21<sup>st</sup> century trustee campaign
- Chair's statement rules
- DB funding rules

## FCA

- Independent Governance Committee rules
- Senior Managers and Certification Regime (SM&CR)

# Well-run and funded pensions

## Question 4

- Is there more scope for TPR/FCA working, either singly or jointly, in this area?
- To what extent should the emphasis be on collaboration with a wider group of bodies to improve advice and services supplied to schemes (e.g. administrators, investment consultants)?

# Safe pension savings

- Apart from investment risk, savers should know their pensions are safe and in good hands
- We are committed to preventing and stopping pension fraud – we work jointly and with others
- We aim to ensure that regulated firms and schemes protect the money they hold and comply with data protection laws

# Safe pension savings

## Question 5

- How can pension providers and schemes, employers and other firms in the sector improve the security of the money and data they hold?
- What role is there for FCA and TPR in further driving up standards?

# Good value for money

Our work includes ensuring existing controls on charges are adhered to and that IGCs' and trustees' responsibilities for value for money are understood

## TPR

- Trustee compliance with codes and legislation on value for members, investment governance and charges

## FCA

- FCA and DWP joint review on workplace pensions
- Competition initiatives e.g. Asset Management Market Study



# Value for money pensions

## Question 6

- Are there any further opportunities for FCA and TPR to support the delivery of value for money, either singly or together?

# Good choices and outcomes

- Pension savers need to be supported by appropriate advice or information
- This will mitigate poor outcomes at retirement from inappropriate decisions or a failure to make a decision
- FCA focus on supporting consumers at retirement e.g. as part of the Retirement Outcomes Review and DB to DC transfers
- Scope for joint FCA and TPR work to further support decision-making at retirement, particularly where individuals are vulnerable to making poor decisions

# Good choices and outcomes

## Question 7

- How can FCA and TPR work, singly or together, to ensure that information and advice helps people make appropriate decisions?
- When are people most vulnerable to taking poor decisions?

# Emerging risks and opportunities

## Macro-trends driving change

- Macro economy (e.g. low interest rates)
- Changing demographics
- Increasingly stretched household finances
- Opportunities and threats from technology
- Labour market changes



## Implications

- Resilience and adaptability
- Long-term planning and stress testing
- Constrained or uneven economic growth
- Propensity to save (micro-level)
- Confidence in saving may be dented by greater market volatility and fluctuations in asset values

# Emerging risks and opportunities

## Question 8

- Do you believe that the macro trends that we have identified are those most likely to drive change across the pensions and retirement sector?
- If not, what are the trends that matter?
- Which trends should be the highest priority for TPR and FCA?
- How will those trends (and any other drivers of future risks and opportunities) affect the areas we have identified?

# Areas of Focus

## Breakouts

**Table 1:** Getting saving off to a good start: access to pensions

**Table 2:** Making sure pensions are well run and funded

**Table 3:** Making sure pension savings are safe

**Table 4:** Making sure pensions offer good value for money

**Table 5:** Supporting good choices and outcomes for consumers and members

**Table 6:** Drivers of emerging risks and opportunities

**Table 7:** Drivers of emerging risks and opportunities

**Table 8:** Areas of focus

# Areas of focus

Feedback

# Areas of Focus

## Feedback

**Table 1:** Getting saving off to a good start: access to pensions

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**Table 8:** Areas of focus



# Pensions Strategy

Closing remarks



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