Welcome to the spring Stakeholder update. We’ve had a very busy period since I last wrote to you before Christmas, with the publication of our DC consultation, a code of practice and guidance for trustees, as well as a document mapping our principles and features to the FSA’s rules.

We have continued to work with partner government agencies to combat pension liberation fraud, launching a suite of communications for pension professionals and members to warn of the dangers of these arrangements, where members can lose large chunks of their pension savings to fees and charges. We also published procedures for our Case Team and Determinations Panel, where final decisions rest with the Panel.

I hope you find this update useful. Please do get in contact if you have any feedback via the stakeholder team at: stakeholder@thepensionsregulator.gov.uk

Bill Galvin
Chief executive, The Pensions Regulator
Record-keeping thematic review begins

In 2010, we published guidance on record-keeping which included record-keeping targets for pension schemes in respect of ‘common’ data such as member names, addresses and dates of birth. The deadline for meeting these targets was 31 December 2012.

We are now conducting a review to establish whether schemes have met these targets and whether they have taken into account our record-keeping guidance generally. Over 200 schemes will be selected for the review which will start in early March and will involve information being requested from the schemes about their record-keeping.

The schemes chosen will be a mixture of old, new, DB, DC, contract and trust-based schemes and contact will be made via the administrators, although trustees will be informed that the review is taking place. Being selected does not mean that we expect there to be problems with a scheme’s records. However, if we find breaches of legislation during the review we may consider taking enforcement action.

Contact with schemes began in early March. We will look at the information we receive back from these requests, and decide where further investigation needs to take place. We will issue a report on our findings, including examples of good practice, in the summer.

To view the guidance, visit our website: www.thepensionsregulator.gov.uk/guidance/guidance-record-keeping.aspx

Automatic enrolment – progress so far

Employer communications – we continue to send letters to employers 18, 12, and 3 months before their staging date.

We have also telephoned employers due to stage in January and February to check their readiness for automatic enrolment. We are now calling medium employers 19 months before their staging date to identify a contact for our 18 month letters and nudge emails are then sent to those nominated contacts.

Supporting activity includes trade magazine advertising, intermediary events, an open panel discussion webinar, employer forums held jointly with DWP/Job Centre Plus and attendance at a number of stakeholder events.

You may have noticed the recent press campaign

To view the guidance, visit our website: www.thepensionsregulator.gov.uk/guidance/guidance-record-keeping.aspx
‘Don’t let pensions become prey’

In February we launched a hard-hitting information campaign for consumers and pensions professionals as part of an ongoing multi-agency crackdown on people claiming to be able to release pensions cash as a loan or lump sum before the law allows.

The perpetrators often work alongside ‘introducers’ or ‘advisers’ who try to entice the public with spam text messages, cold calls or website promotions into transferring their existing workplace or private pension with the promise of being able to release a portion as cash before the age of 55.

People may be misled or not properly informed that tax charges and fees can erode their pension pot by more than half, leaving them with little to live on in retirement...

‘People may be misled or not properly informed that tax charges and fees can erode their pension pot by more than half, leaving them with little to live on in retirement...’

The information, carrying distinctive scorpion imagery, illustrates the threat to people’s pensions if they are taken in by such offers and we developed this alongside HMRC, FSA, SFO, TPAS and Action Fraud.

To see the action pack, visit our website: www.tpr.gov.uk/professionals/pension-liberation-fraud-professionals.aspx

The new information includes:

- a warning insert that administrators and pension providers will be asked to include in the information they provide to members who request a transfer of their pension, which will be hosted on the TPAS website
- a more detailed information leaflet for members looking to understand the consequences of these offers, which will also be hosted on the TPAS website
- an action pack for pension professionals, including a checklist and examples of what to look out for.

Where administrators receive a transfer request and detect the warning signs of liberation, such as pension money being passed back to the member before age 55, they may wish to consider whether to make the transfer, and report their concerns to Action Fraud. The action pack includes more information to help them with this decision.
Defined contribution consultation

We have developed a regulatory strategy for DC work-based pensions in collaboration with government and industry stakeholders. We launched a consultation on our documents on 10 January 2013.

What are we consulting on?

The consultation includes:

• **Regulatory approach**
  This document sets out the developing regulatory approach for DC schemes. It describes the segmentation of DC schemes, outlines our powers, how we are looking to assess compliance and what enforcement action we could take in case of breach of law.

• **Code of practice**
  The code sets standards for trust-based DC schemes by setting the DC features, which are underpinned by legislation, in the context of their legal framework. It also gives practical guidance to trustees on how they can demonstrate that they have achieved the relevant standards.

• **Guidance**
  The guidance should be read together with the code. It provides trustees with information, education and assistance on good practice and

• **Consultation document**
  This introduces the consultation exercise and provides the context for our consultation.

What about contract-based schemes?

We are working with the FSA to ensure similar levels of protection in both trust and contract schemes where regulatory responsibility is shared. Our initial analysis shows good alignment between the DC quality features and FSA requirements for work-based personal pensions.

Later in 2013, we will also agree joint working protocols with the FSA, and its successor bodies, to determine how breaches of the law should be dealt with between regulators to ensure we have a coherent and effective regime.

To view the DC consultation, visit our website: www.tpr.gov.uk/doc-library/regulating-work-based-dc.aspx
Case Team and Determinations Panel procedures published

Revisions to the current Determinations Panel procedure and a separate Case Team procedure have been published following a period of consultation.

These procedures detail the processes used by the Panel and the regulator’s case teams in cases where the final decision rests with the Panel. The Panel’s consultation looked at the existing procedure and whether greater clarity was needed in certain areas. Revisions to the current Determinations Panel procedure include:

- further clarity on the point at which cases are referred to the Panel by the regulator’s case teams who have responsibility for the management of a case at a particular point in time
- a fuller explanation of the differences between the ‘standard procedure’ and ‘special procedure’
- further clarity on the Panel’s ability to request and consider certain additional material.

Revisions to the Case Team procedure which went out to consultation include:

- how the regulator’s case teams will approach the disclosure of material to affected parties
- further information on when and how the ‘special procedure’ will be used by the regulator’s case teams.

To view the procedures, visit our website: www.tpr.gov.uk/regulate-and-enforce/procedures-for-cases.aspx

Maintaining contributions consultation update

We are currently considering the responses we received on our consultation into revisions to codes of practice 5 and 6 aimed to improve transparency and ensure that everyone involved in the flow of contributions has a clear understanding of their accountabilities. We expect to issue a response in the summer.
Work and Pensions Select Committee hearing


The Committee is appointed by the House of Commons to examine the work carried out by the DWP and its associated public bodies.

Bill was questioned alongside Martin Wheatley of the FSA. The Committee primarily discussed the governance of DC schemes and followed up some of the issues raised in the National Audit Office review of The Pensions Regulator that was published in July 2012. The Committee also touched on the changing balance between DC and DB schemes in the pensions landscape and the Minister for pension’s consideration of risk sharing models.

‘The Committee also touched on the changing balance between DC and DB schemes in the pensions landscape’