



Institute  
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of Actuaries

**I wouldn't start from here if I were  
you**

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### A case study: A bogged down scheme



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### DC section

The Regulator's new  
governance tools

A huge change for  
DC trustees



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### Should we wind up the DC section?

(a) Yes, definitely

(b) Yes, definitely



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## What should DC trustees do?

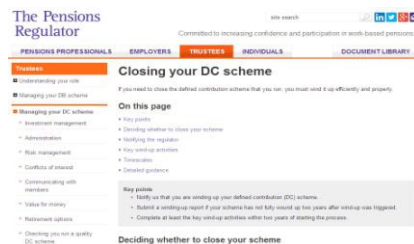
Comply with the 31 quality features....



.... and then some



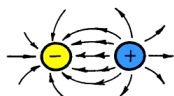
## "Closing your DC scheme"



## The winding-up process



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## Winding-up a section



- (1) Sectionalised scheme?
- (2) The termination rule
- (3) Preservation regulations
- (4) Lump sums under £18k



## The contracted-out DC section



Money purchase  
benefits, but with a  
GMP and COSR  
underpin

.... likely to bite



## Are the benefits money purchase?

Section 181 of the PSA 1993: "benefits the rate or amount of which is calculated by reference to a payment or payments made by the member or by any other person in respect of the member and which fall within section 181B".

Under section 181B a money purchase benefit is: "A benefit [whose] rate or amount is calculated solely by reference to assets which (because of the nature of the calculation) must necessarily suffice for the purposes of its provision to or in respect of the member."



## Money purchase definition: the difficulties



### Retrospectivity

A problem for  
wound-up schemes  
and section 75  
debts

Transfers? Past and  
future

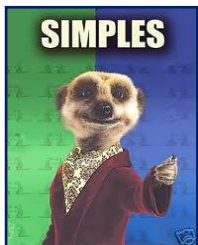


## Governance issues for the hybrid section?

- (1) Members' fund choices
- (2) Funding
- (3) Future buy-out



### The DB section....



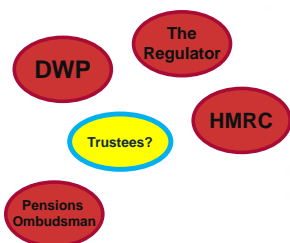
### Three DB areas for discussion

#### (1) The woodwork



### Three DB areas for discussion

#### (2) Liberation



### Three DB areas for discussion

#### (3) Flexibility....

Led by the  
trustees or the  
employer?



**Questions****Comments**

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.

