

**Comments Template on
Consultation Paper on a Report on Good Practices on individual transfers of
supplementary occupational pension rights**

**Deadline
10 April 2015
23:59 CET**

Name of Company:	Institute and Faculty of Actuaries, UK	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Confidential/Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Please insert the name of your NCA in the box next to "Name of Company". Please also specify the sector of your business in brackets (Consumer Associations, Training/Eductaion bodies, Industry), as well as your Country; ⇒ <u>Do not change the page numbering</u> in the column "reference" ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment in the relevant row, giving reference to the paragraph number where given. If you have <u>no comment</u> on a paragraph or a cell, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-15-001@eiopa.europa.eu. Our IT tool does not allow processing of any other formats.</p> <p>The page numbering refers to the Consultation Paper on a Report on Good practices on individual transfers of supplementary occupational pension rights.</p>		
Reference	Comment	
General Comment	<p>The IFoA is supportive of the suggested approach to transfers, albeit in the context of the various prevailing legislative and tax regimes within the EU (see below). The differences in pension provision within Member States (MS) must lead to a system for individual transfers that reflect those differences.</p> <p>The IFoA welcomes EIOPA's recognition that differences of taxation, which lie outside EIOPA's remit, could cause specific challenges to pension transferability. Ensuring that Good Practice is not</p>	

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	<p>legally binding could encourage MS to implement the principles in accordance with the pension systems in each MS.</p> <p>The UK market is set up to allow for the transfers of individual pension rights; however, there is reluctance amongst individuals to exercise their right to transfer. In particular, there is strong encouragement in the UK for individuals not to transfer pension from Defined Benefit (DB) schemes to Defined Contribution (DC) schemes. As a consequence, the two issues identified by EIOPA (on p7/8) are live UK issues; namely, small pots may be disadvantageous and members lose track of pots. EIOPA identified “pot follows member” as a solution, but has not incorporated this as Good Practice until it observes evidence.</p>	
Page 4		
Page 5		
Page 6		
Page 7		
Page 8	<p>The IFoA would encourage EIOPA to weigh up the evidence of “pot follows member” from individual MS before considering whether Good Practice should be updated.</p> <p>Good Practice 2: Objective reasons to suspend a transfer including financial sustainability checks of schemes</p> <p>EIOPA (p16) notes the restrictions on unapproved transfers and the tax charge applied. We would see no reason to change this given the generous tax benefits available in the UK on pension contributions and investment returns.</p>	
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Page 16		
Page 17		
Page 18		
Page 19	<p>Good Practice 4: Timeframes for in- and out- transfers The IFoA supports the availability of transfers within a longer timeframe.</p>	
Page 20	<p>The IFoA would support the provision of information to members that met their specific needs rather than meet a compliance need. Informative, educational and relevant information that is specific to the scheme and the member would be more beneficial to members. However, the IFoA also recognises the challenges in establishing a regulatory framework that provides sufficient flexibility while ensuring that all members received a minimum standard of information.</p>	
Page 21	<p>The IFoA notes EIOPA's work in developing an EU-wide market for personal pension products. However, as noted in our general comments, the IFoA would consider the establishment of such a market to be extremely challenging given the variability in tax regimes.</p>	
Page 22	<p>As noted previously, the IFoA would support the provision of information to members that met their specific needs rather than meet a compliance need. However, the IFoA also recognises the challenges in establishing a regulatory framework that provided sufficient flexibility while ensuring that all members received a minimum standard of information.</p> <p>Good Practice 6: Systematic delivery of information The IFoA agrees with this approach.</p>	
Page 23	<p>Good Practice 7: Online tool with relevant information concerning the transfer The IFoA supports this as it would form part of good disclosure and would assist in meeting Good Practice 5.</p> <p>Good Practice 8: Access to advice It would be useful to understand who EIOPA considers would be responsible for paying for the advice, what the advice would contain, any restrictions around the advice and other limitations EIOPA understands to be relevant. Depending on restrictions within MS, the maximum obligation on a scheme would be to highlight where advice is available. In many cases, employers may have limited interest in paying for advice to former employees.</p>	

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Page 24		
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Page 26	<p>Good Practice 10: Direct communication between the schemes on transfer execution The IFoA welcomes this approach.</p> <p>Good Practice 11: Reasonable time limits for the execution of transfers The IFoA welcomes this approach, but subject to appropriate limits for transfers that reflect specific circumstances that require additional work e.g. DB-DC.</p>	
Page 27	<p>Good Practice 12: Member involvement reduced to request and decision on transfer The IFoA welcomes the general intent of this approach; however, the issue of costs, particularly for cross-border transfers, cannot be ignored. It is also likely that members may have to provide additional information for the transfer to proceed.</p>	
Page 28		
Page 29		
Page 30		
Page 31	<p>Good Practice 14: Safeguarding the right to transfer over the right to unilateral capital pay-out Members should be encouraged to consider the way in which they receive pension income. Maintaining pension assets, rather than removing them from a fund, may encourage members to consider a longer term view of income requirements.</p>	
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Annex I		
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