



**The Actuarial Profession**

making financial sense of the future

## **Consultation Response** **Department for Work and Pensions**

The Occupational Pension Schemes (Miscellaneous Amendments  
No.2) Regulations 2013

---

14 November 2012

## **About the Institute and Faculty of Actuaries**

The Institute and Faculty of Actuaries is the chartered professional body for actuaries in the United Kingdom. A rigorous examination system is supported by a programme of continuous professional development and a professional code of conduct supports high standards, reflecting the significant role of the Profession in society.

Actuaries' training is founded on mathematical and statistical techniques used in insurance, pension fund management and investment and then builds the management skills associated with the application of these techniques. The training includes the derivation and application of 'mortality tables' used to assess probabilities of death or survival. It also includes the financial mathematics of interest and risk associated with different investment vehicles – from simple deposits through to complex stock market derivatives.

Actuaries provide commercial, financial and prudential advice on the management of a business' assets and liabilities, especially where long term management and planning are critical to the success of any business venture. A majority of actuaries work for insurance companies or pension funds – either as their direct employees or in firms which undertake work on a consultancy basis – but they also advise individuals and offer comment on social and public interest issues. Members of the profession have a statutory role in the supervision of pension funds and life insurance companies as well as a statutory role to provide actuarial opinions for managing agents at Lloyd's.

14 November 2012

Caroline Blackett  
Occ Pen Schemes (Misc Amdts No.2) Regs consultation  
Private Pensions Policy and Analysis  
Department for Work and Pensions  
1<sup>st</sup> floor, Caxton House  
6-12 Tothill Street  
London  
SW1H 9NA

Dear Caroline

**Department for Work and Pensions: The Occupational Pension Scheme (Miscellaneous Amendments No.2) Regulations 2013**

Thank you for the opportunity to respond on the consultation on the draft regulations.

The Consultations Sub-Committee of the Pensions Practice Executive Committee has considered the Consultation Document and welcomes the intent of the changes. The Sub-Committee wishes to offer the following comments.

**Chapters 1-3:** On behalf of The Institute and Faculty of Actuaries, we support the changes proposed. We welcome the greater consistency for dealing with transfer rights and pension credits.

**Chapter 4:** We welcome the intention to remove one of the anomalies resulting from the change in the State Pension Age. As the consultation states, depending on the drafting of scheme rules, the change in State Pension Age could result in the payment of bridging pensions for longer, or shorter, periods than originally intended.

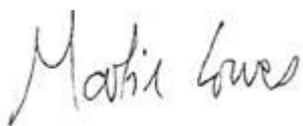
We are not clear about the policy intent for this amendment. However, depending on what it is intended to achieve, the following comments may be relevant:

Firstly, if the written consent of the employer is required, we are not sure how much help is given to Trustees by enabling the amendment by Trustee resolution (rather than the normal route of an amending deed). The draft regulations do not for example appear to make such amendments exempt from the section 67 requirements. However, this is a legal matter which may be better addressed by other commentators.

Secondly, the cover paper notes the expectation that any amendment to bridging pensions would normally be carried out on a cost-neutral basis, with an increase (or reduction) in the quantum of bridging pension to offset any reduction (or increase) in the period for which the bridging pension is paid. However, the draft regulations appear to cover only the change in payment period, and do not provide for a balancing change in the quantum of the pension.

If you wish to discuss our response further, please contact Philip Doggart (0131 240 1319 or via [Philip.Doggart@actuaries.org.uk](mailto:Philip.Doggart@actuaries.org.uk)) in the first instance.

Yours sincerely

A handwritten signature in black ink that reads "Martin Lowes". The signature is written in a cursive style with a large initial 'M'.

Martin Lowes  
Chair Pensions Consultations Sub-Committee  
The Institute and Faculty of Actuaries