

OVERSEE THE PASSING TIME

Some of you may recall my blog in September last year around The Office of Fair Trading (OFT) producing a report which concluded that pensions are complicated products, the benefits of which occur for many people a long time in the future. The remit was to examine whether in light of auto-enrolment (AE) competition is capable of driving value for money and good outcomes for scheme members. The findings also revealed an identified £30 billion of savings in pre-2001 legacy and high charging schemes that may not be giving value for money to the same standards of modern DC schemes.

In developments last week, OFT has appointed a high powered board of pensions and regulatory experts to lead an audit on high charges and legacy workplace pension schemes.

The OFT has appointed Carol Sergeant, who led the Financial Services Authority's review into simplified products, to head up a board which includes the Financial Conduct Authority's long term savings head, Nick Poyntz-Wright, and director general of the Association of British Insurers (ABI), Otto Thoresen. In response to the original report, the ABI agreed to conduct an audit of these schemes. This will be overseen by the independent project board the OFT has created.

Sergeant, who led a Treasury panel review into simplified products and was also formerly chief risk officer at Lloyds Banking Group, will chair the board. The audit is scheduled to be completed by the end of 2014.

The full independent project board is:

- Carol Sergeant, independent chair
- Michelle Cracknell, The Pensions Advisory Service
- David Hare, Institute and Faculty of Actuaries
- Bridget Micklem, Department for Work and Pensions
- Nick Poyntz-Wright, Financial Conduct Authority
- Joanne Segars, the National Association of Pension Funds Limited
- Ed Smith, Office of Fair Trading
- Doug Taylor, member of the Financial Services Consumer Panel
- Otto Thoresen, Association of British Insurers
- Andrew Warwick-Thompson, The Pensions Regulator

I think it is a good idea to audit legacy schemes as it is vital to the economy that savers are given good value for money. It also serves consumers to see the industry policing itself - in the best interest of consumers - and their anticipated outcomes on pensions. Remember, there are approximately £30 billion or so in pre-2001 legacy schemes. It is also important, particularly given that automatic enrolment is already under way, that any recommendations from the independent project board are implemented quickly.

TISA will be looking to fully support any work the OFT appointed board does on pensions, as this work interlinks with TISA's own Savings & Investments Project.

Peter Smith, Head of Distribution Engagement