



ASSOCIATION OF CONSULTING ACTUARIES

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21 April 2017

Department for Work and Pensions
Contracting-out Policy Team
First floor
Caxton House
Tothill Street
London SW1H 9NA

Dear Sirs

[The Contracting-out \(Transfer and Transfer Payment\) \(Amendment\) Regulations 2017](#)

I am writing on behalf of the Association of Consulting Actuaries in response to the above consultation.

Our comments on the specific questions raised in the consultation are set out in the Appendix.

This consultation aims to resolve a known problem – but only for a very narrowly defined group and possibly only helping a very small number of schemes. We are concerned that in seeking to respond to events you are making the regulations more complicated than they need be. In particular, we see no reason why the block on transferring, with member consent, contracted out rights already in payment, cannot be addressed generally now using the safeguards you are proposing.

You note in several places in the consultation that the wider problem, both of bulk transfers without consent to schemes that have never been contracted out and of the transfer of pensioner members to new schemes more generally, remains under active consideration and will be revisited later this year. We look forward to continuing our work with you in this area in order that an appropriate solution can be finalised, consulted upon and put into law no later than April 2018. The policy work on this wider issue does need to start as soon as possible, as this issue affects a much larger number of schemes than this very limited consultation aims to resolve.

We hope that you find these of assistance and would be happy to discuss them further if that is helpful. Please contact me on 020 7432 6635 (david.everett@lcp.uk.com).

Yours faithfully

A handwritten signature in black ink that reads "David Everett". The signature is written in a cursive style with a large, stylized initial 'D'.

David Everett

Chairman, Pension Schemes Committee

On behalf of the Association of Consulting Actuaries Limited

Sent by e-mail to: Contracting.outteam@dwp.gsi.gov.uk

The Contracting-out (Transfer and Transfer Payment) (Amendment) Regulations

1. Do you agree that the draft changes enable transfer of contracted-out pensions (in payment) with member consent to be made to schemes that have never been contracted-out in the limited circumstances mentioned in paragraph 1.6?

Yes, but we think the proposed drafting may introduce some unintentional additional restrictions – for transfers of contracted out rights that are in payment to former COSRs currently possible under regulations 3, 4 or 9.

In both new regulations 2(3A) and 7(2A) it seems to us that text needs to be added to make it clear that these new provisions apply only where a transfer is being made to a scheme that is not a former COSRs, and to make it clear that the concluding comment "and no such transfer payment may be made otherwise" does not restrict transfers to former COSRs.

2. Do you agree that pensioner members' benefits are adequately protected?

Yes, but we think that the scope of the new provisions set out in new Regulations 6A and 11A should be widened so that it applies to any occupational pension scheme. This is because the consent and acknowledgement safeguard that you are proposing for distressed schemes is equally appropriate to other schemes.

3. Do the proposed regulations work for employers who form a section of a multi-employer scheme? If not, what needs to change?

We cannot immediately see any issues.