



Executive Officers Report Annual General Meeting 2015

The NFOP provide the Secretariat and the Executive Officer time and expenses for the OPA in lieu of its annual membership fee.

When assuming the duties of Executive Officer on Roger Turners retirement from NFOP and the OPA, I explained that the senior officers' roles at the NFOP had changed and had been retitled Chief Executive Officer combining the former roles of General Secretary and Assistant General Secretary. As a result there has been a significant increase in work load combined with a refocusing of the NFOP, majoring on the services that it provides rather than campaigning.

In the last twelve months there has been momentous and significant change in the pensions industry. The assumption has in part been that this will not affect the existing pensioners leaving them largely unaffected. Although this is basically true, with the exception of trivial commutations, those encouraged to develop new scams appear to be including existing pensioners in their target audience. Leaving scheme members confused.

A rigorous process has been put in place to ensure those deferred and active members in Defined Benefit scheme who are thinking of transferring to Defined Contribution Schemes to enable them to enjoy the new freedoms, are properly advised. There has been a significant increase in enquires to Schemes asking for current valuations, we are yet to see if this converts to actual transfers. Transfers to Defined Contribution schemes can result in an improvement in the levels of scheme funding, reducing deficits or increasing surpluses, as longevity and uprating risks are removed. Will this result in more scheme closures? The industry having lost a major element of their business following the removal of the requirement to annuitise is already gearing up for an increase in buyouts. Although any buyout should provide the members with at least their current benefits, members may become distressed and concerned with the process even being consider. Effective communications is therefore essential.

The General Election produced a surprising result, followed by the not unexpected appointment of Ros Altmann as Pension Minister. Three leading experts on pensions disappeared from the House of Commons, Steve Web, Pensions Minister (LibDem), Greg McClymont, Shadow Pensions Minister, (Labour) and Dame Anne Begg, Chair of the DWP

Select Committee (Labour). It would appear that there will be a need for an education programme for the House of Commons spokespersons on pensions. The industry hope is that there will be a period of consolidation for pensions.

The Care Bill has also been enacted and how it is implemented and the actual effect of what has been introduced is yet to be seen.

The National Statistic status has been removed from the RPI, which continues to be produced as it is used in calculations for government bonds and contracts. Although there is a general feeling that CPI and CPIH does not reflect what the man in the street experiences as inflation, debate continues as to the structure of an alternative that could be submitted for consideration. A cautionary note for those whose pension increase is linked to the Pensions Increase Review Order, the judicial review on the change for RPI to CPI made it clear that the Secretary of State can choose any measure that is considered to be a fair reflection of the change. If a new measure was introduced and was lower than RPI and CPI what would he choose? Careful what you wish for may be a prudent motto.

Malcolm Booth
Executive Officer
May 2015