

Submission by OPA to Department of Work and Pensions regarding recent Consultation Document entitled 'Reshaping Workplace Pensions for Future Pensions-December 2013

1. We believe that existing Occupational Pension Schemes which have originated from the 1960's and have continued to operate successfully during the last 50 years are certainly not in 'terminal decline'. They still cover a great percentage of the employed and retired population in the UK and will continue to do so for some decades to come assuming the Employers continue in business and meet their financial obligations and the active employees also do so.
2. Clearly it is helpful to start looking at the future situation and trying to identify various options which could offer the development of practical and comparable pension schemes or arrangements which could help to meet the retirement and financial needs of future generations. The Dutch and Danish examples indicate how other European nations have developed a slightly different approach using collective defined contribution model. Also it is noted that Holland has a comparable Occupational Pension System to our own, unlike other major European Countries such as Germany and France which fund work-based retirement pensions in a different manner.
3. The current proposals appear to be flawed in a number of important ways such as:
 - a) The very short timescale allowed for consideration and debate of a proposed major change in Occupational Pensions Landscape.
 - b) The failure to include any occupational pension organisations such as ourselves and our member associations in the Working Party and furthermore collect independent data to create a wider and in depth response from the consumer viewpoint as Stakeholders
 - c) No specific data collected from current employees as stakeholders in a range of current schemes within the age range of 40-60 years separated into different cohorts identifying what are their expectations regarding target pensions and benefits.
4. The suggestion that the next generation of schemes should be entitled 'Defined Ambition'(DA) presumably because we have DB and DC type schemes already in being seems illogical. With this line of thinking being promoted it might be feasible to consider Defined Expectation(DE) or D? as the next type. We note that the Coalition Government is using 'Ambition' as an in-word in a number of major policy statements, however with pensions it does not sit comfortably.
5. The lack of success in creating and developing Defined Contribution Pension alternatives along side existing Defined Benefit Schemes suggests that this approach is not meeting the different needs of Stakeholders. The recent unveiling of Auto Enrolment(NEST) on a gradual basis with Larger Employers suggests we are only at the early stages of introducing a major change and until medium and smaller organisations join up there is incomplete evidence.
6. Some major employers in the last two decades appear to have only competed on Salary/Wages and non-pension benefits which has not encouraged further development of Occupational Pension Schemes and benefits. It has probably diverted their attention from supporting their Pension Scheme, its Investment Strategy and Management or indeed starting one.
7. Recently the OPA has been approached by pensioners in smaller schemes to join us, who are experiencing uncertainty as to their future funding and survival because of earlier decisions by Trustees, Management and failures in Investment Strategy. The failings also may go back to some Employers not really understanding the import of the Employers Covenant and having not engaged Employee and Independent representatives in their deliberations.