



Risk Sharing consultation

DWP Deregulatory Review of Private Pensions

This response is submitted by Unite, the UK's largest trade union with 2 million members across the private and public sectors. The Union's members work in a range of industries including manufacturing, financial services, print, media, construction, transport and local government, education, health and not for profit sectors.

Unite places a high priority on securing the development and continuation of high quality company pensions for our members. We particularly value final salary pension schemes which are members' preferred form of provision.

Executive Summary

1. Unite is not convinced that a proper case has been made for legislation to further extend the scope for risk sharing in Defined Benefit (DB) pension schemes or that such legislation would have a very significant effect in encouraging the establishment or maintenance of DB schemes.
2. The scope for employers to share risks with active members under current legislation is already considerable. To an extent it is mediated by a requirement on employers to consult with scheme members and trade unions before making changes which have the effect of sharing risks.

3. The main pressure to extend risk-sharing lies in employers' wishes to share risks with pensioners and deferred pensioners, to devise bases for risk-sharing whereby benefits can be reduced automatically, without reference to members or trade unions, and to reduce the level of guaranteed benefits with a view to easing accounting liabilities.
4. Legislation on minimum pension increases for pensioners and deferred pensioners were introduced to counter unfair discrimination in schemes against these groups, and the case for that protection is still valid.
5. A false parallel is drawn when arguing that DB schemes should not be obliged to provide pension increases when defined contribution (DC) schemes are not obliged to do so. DC schemes do provide 'increases' to deferred members, through the continued accumulation of investment returns. While DC scheme members are not now obliged to purchase annuities which increase during payment, scheme members get the same market-determined pension value whether they choose increases or not (a non-increasing pension is set at a considerably higher level initially).
6. Conditional indexation as currently proposed amounts to a shift of risk to employees and not a sharing of risk. When pension costs rise employee benefits would be reduced, by the withholding of increases, before and instead of the employer being obliged to increase their contribution. Only after all pension increases have been withheld is there any call for further funding by the employer.
7. Unite rejects the proposal that 'conditional indexation' should be allowed to extend to revaluation of deferred pensions, as this would allow the benefits of one group of a scheme's membership to be reduced in a way which all others were not. Deregulation should not be a reason for reintroducing discrimination previously restricted by law
8. The most extensive model of risk-sharing and conditional indexation, as proposed by the Association of Consulting Actuaries, should not be licensed as, apart from making revaluation conditional, its practical effect is to allow what in practice would be something very close to a DC scheme to masquerade as a DB scheme. In effect it shifts almost all conceivable risk onto employees.
9. The more limited proposal for conditional indexation only applying to pensions in payment clearly puts pensioners in the front line in terms of suffering reductions in benefit when schemes run into deficit.
10. If this were to be contemplated it would need to be balanced by other measures such as implementation of 50% member trustees, to give confidence that the funding basis was appropriately prudent, a higher target for indexation than for a scheme with a guaranteed increase and a revised contracting-out test

11. A regulatory basis for Collective DC schemes would be a welcome development. However, it should not be seen as an extension of the risk-sharing basis of DB but rather as a possible alternative to conventional DC arrangements.
12. In Collective DC risks rest with schemes members but are pooled and redistributed amongst them, they are not shared with or by the employer. Members would need to be convinced that the schemes are run in the collective interest of members and not established with a view to allowing the employer to reallocate risks amongst the members, to suit the employer's own purposes

Unite response to the Consultation questions

Q.1 Should we undertake a far-reaching deregulation of the way risks are shared in pension schemes?

Risk-sharing in DB pension schemes is already possible, and it is not clear that it needs to be radically extended. If deregulation and risk sharing proceeds too far then the enormous scope it could create for benefits to vary brings into question the whole concept of a 'defined benefit'. Employers would be able to advertise a DB scheme that was in reality a DC scheme as all the risk had been shifted onto members.

Measures to help individuals cope with the risks in DC schemes, which many are ill equipped to cope with, should be encouraged. Deregulation designed to help in this area should be encouraged.

In recent years DB scheme members have learned to their cost that, although the risks of DB provision rest with employers in the first instance, part or all of the extra costs associated with those risks can be passed on to scheme members. The 'guarantees', which were perceived to attach to benefits when schemes were in surplus, disappeared when schemes moved into deficit. Members bitterly recall their experiences of employers who said the reason employers were entitled to surpluses was that they were also responsible for deficits, but who then took a very different attitude when deficits actually appeared.

Current law restricts the ability of employers/schemes to reduce past service benefits unless clearly specified in advance as, for example, is the case with the recent development of mortality-sharing schemes. But that protection can be circumvented to an extent in final salary schemes by the manipulation of the future growth of pensionable pay. Employees can be made to suffer an erosion in the value of their past service benefits as a condition of earning any future benefits.

It is also the case that many employers have in effect reduced past service benefits by implementing higher member contributions and/or by lowering

future service benefits specifically in order to be able to help finance deficit payments.

The pressure for deregulation owes as much to employers wish to be able to reduce deferred and pensioner members' benefits as it does to any considerations relating to current employees. This is why attention is focused on indexation provisions.

Inflation does reduce the value of past service benefits where these are not increased to offset it. From the members' perspective any failure to maintain the purchasing power of pensions is a reduction in their benefits. Employees do not believe their 'deferred pay' should be reduced by inflation any more than their current pay.

Before any measure of deregulation is adopted careful consideration should be given to why the particular regulation was introduced in the first place.

The main target of the 'deregulators' are the laws requiring a minimum level of increases to be granted to deferred pensions and to pensions in payment. These laws were derived from a belief that in their general operation companies/schemes were unfairly discriminating against 'early leavers' and pensioners, groups unable to defend themselves or in many cases unable to do anything to make good the loss in their income. They were also influenced by a view that pensions once earned should maintain to a large degree their purchasing power.

It should not either be forgotten that a substantial majority of employers/schemes voluntarily conceded guaranteed increases to pensions in payment (at rates higher than 2.5% LPI) prior to the law requiring them to do so. In many cases they did so when their own rules prevented this benefit from being taken away from accrued benefits.

In respect of DC schemes it is undoubtedly the case that members lack confidence in schemes which the benefit outcome is so uncertain. It is also evident that many members are not comfortable in being asked to make decisions about how contributions should be invested and are cynical about the whole annuitisation process.

Collective DC schemes warrant serious consideration as a basis for facilitating better outcomes based on the sharing of risks and collective investment.

Q.2 Additional evidence of the impact of lower contributions to DC schemes?

Lower contributions to DC schemes are clearly one key reason for the much lower take-up of their membership relative to DB schemes. A good level of employer contribution can be critical in producing benefit projections which appear worthwhile to the member in relation to what they are being required to pay themselves.

One striking feature of recent times have been the warnings to employers from actuaries and consultants that low levels of DC contributions will be a major factor impacting on their future workforce planning as many employees will not be able to afford to retire.

Q.3 Is the analysis of the allocation of risk in DB and DC schemes correct?

The categorisation of the 'Distribution of risks' in Final Salary DB schemes (in table 3.1 and accompanying paragraphs) is inadequate if not to say over-influenced by employer propaganda. It suggests all the primary risk is with the employer, but that is far from being the truth.

Employers can offset increases in the cost of benefits by a variety of means e.g reducing future service benefits, increasing member contributions, varying their policy on customary discretions (e.g early retirement) or by manipulation of final salary growth through pensionable salary.

No analysis can be adequate without distinguishing what can happen to past and future service benefits and the links between them. Active members do very much share the risks of DB schemes. A lot of the impetus for conditional indexation is to extend the sharing of risks to pensioners and deferred members.

In relation to inflation risk (P3.4 and 3.14) in a DB scheme the very real risk for the member is that inflation will be above the 2.5% LPI cap, or such higher rate that the scheme guarantees. The risk to the employer is much less clear as the valuation basis will assume a level of inflation, and funding will be calculated so as to provide at least for the guaranteed level of benefit in the light of that inflation assumption. Risk to the employer does arise where the level of guarantee is more than the level of inflation predicted and funded for but that risk can largely be eliminated for future service benefits by adoption of 2.5% LPI. Higher levels of inflation than this benefit the employer.

It is important to understand inflation risk as it reveals that most of the risk already rests on members. The reason employers want to be released from mandatory indexation is not because of inflation risk but because they wish to be free to pass on other risks, principally from investment and longevity, in the form of a hugely expanded inflation risk for members.

Q.4 Which parties are best-placed to bear each risk?

This is rather an artificial question as the outcomes for members and employers are wholly different in their nature. How do you weigh up the impoverishment of a pensioner against a threat to a company's financial stability ?

Members, the more so the lower their potential pension income, will always feel that the employer is much better placed to bear the risk of pensions increasing in cost and to do something about it.

Q.5 Points relating to international experience?

Clearly, the main relevant example quoted relates to the experience of conditional indexation schemes in the Netherlands. In the Dutch context pensions are firmly rooted in collective bargaining and pension schemes are subject to real joint control with 50% member trustees. The model of risk-sharing they have adopted generates more support and confidence of members as it is inherently much less open to employer manipulation.

The lesson we draw is that if employers wish to share risks then they must also accept real joint control of the management of pension schemes.

Q.6 Would greater flexibility increase the availability of high quality provision?

There is a tendency to assume that all DB is good and all DC is bad and so to associate 'high quality' with any DB scheme. Not all DB provision is high quality and the extension of flexibility will increase the numbers of DB schemes which are not high quality.

Increased flexibility will also greatly extend the scope for DB schemes to operate effectively on a DC basis, as members take all the pain of cost adjustment and employees maintain fixed contributions.

For these reasons, the answer to this question may well be 'No'. Flexibility may not do a lot for quality though it may lead to greater diversity in future pension provision by breaking down the barriers between DB and DC provisions.

Q.7 Would flexibility encourage employers considering DC to retain some risk?

Yes, but it would also encourage some employers to run DB schemes on a DC basis by shifting all the risks on to members through the way they operate the scheme. A risk adopted in theory may not be the same as a risk born in practice, if the employer can evade it. At worst employees could be left with most of the downside risk while employers retain some of the up-side risk (benefit).

Q.8 Would employers currently offering DC move to a risk-sharing arrangement?

This is unlikely in the current climate, certainly for those employers offering only DC. For those with split DB and DC arrangements, there may be an interest in moving to a single provision positioned somewhere between the two. It is an unfortunate fact that a growing number of employers who closed schemes to new entrants and gave assurances to existing staff are coming back with arguments based on restoring the equality between staff which they themselves had destroyed.

Q.9 Do employers currently consider risk sharing options when looking at altering DB arrangements?

Our experience is that a minority of employers do seriously consider a range of alternatives but the majority give them short shrift. Very often when employers come to consult with scheme members they have already closed the door on such options. When challenged they are unwilling or unable to share any evidence demonstrating that alternatives have been considered.

Q.10 Are any other options considered not outlined in this chapter?

One option to reduce risk is for schemes to modify accrual while at the same time the members are contracted-in to State Second Pension. This reduces employer risk by providing part of the defined benefit through the state system.

Employers are often slow to acknowledge that if the amount of the benefit is reduced then their level of risk is reduced i.e if accrual is reduced from 1/60 to 1/80 not only is the future benefit reduced by 25% so also is the future risk in relation to that benefit.

Q.11 Have existing options to reduce risk proved inadequate?

For many employers they have. This reflects perhaps the fact that employers cannot now escape risks in relation to deferred and pensioner members and this means they are especially keen to eliminate risk from future benefits entirely.

However, it is not clear that employers really consider the scope of possible risk reducing modifications to their schemes. An unwillingness to explore risk-sharing alternatives also reflects fears about the complexity of such alternatives to DC and wariness of doing anything perceived as unusual. 'Alternatives' find it very difficult to establish a market position between DB and DC.

Whilst actuaries are willing to co-operate in the discussions of alternatives, many consultants and financial advisers are out there aggressively marketing DC as a solution to employer problems.

Q12 What de-regulation measures could make current risk-sharing options easier?

It is not clear that the alternatives considered are inhibited by current regulation, apart from cash balance schemes for the reasons noted in the consultation document.

Q.13 Could information or guidance make current risk sharing options easier?

It is unlikely that such measures would have any significant effect as employers already have a general awareness of the possibilities.

Q.14 Is the DB regulatory framework disproportionate for cash balance schemes?

Cash balance schemes are of highly variable quality and for this reason it is not wholly apparent that they ought to be encouraged. They are advertised as guaranteeing an investment return on contributions pre-retirement, but such guarantees may be of very limited value to members and provided at very low cost to employers who can reap all the gain from investment returns above the level implicitly guaranteed. The up-side risk of investment may reduce the employer contribution in a way concealed from members view to a negligible amount for young members.

Q.15 Is age discrimination an issue in relation to cash balance schemes?

It is clear that cash balance schemes deliver much greater returns to older members than younger members. The lower the rate of revaluation of accrued cash balances the more this is a feature.

Consider a scheme whereby the member pay 5% and is guaranteed a cash balance at age 65 of 20% of salary each year increased by inflation until 65. For a member aged 64 they realise a 15% employer contribution straightaway. For a member aged 25 (using assumptions of 3% inflation and 6% investment return) the employer contribution in their first year would only be worth about 1.3%. If the employer had instead paid a 5% matching DC contribution they are likely to have achieved a much higher benefit. This can only be avoided if employers guarantee, even if on a conditional basis, a substantially higher investment return than inflation.

It is not clear that it is fear of age discrimination claims which inhibit the adoption of cash balance but rather a perception that it may have little attraction for either employer or employees relative to a DC scheme.

Q.16 Would conditional indexation schemes significantly extend risk sharing?

It would open the door to a major shift of risk from employers to employees. While this is being described as 'risk-sharing', that does not really fairly describe the effect as employees will be vulnerable to suffer a major reduction in their benefits before the employer becomes liable to pay any more money into the scheme in respect of their benefits.

At present if promised benefits rise in cost the liability falls in the first instance on employers under the 'balance of cost principle'. As this evidence has noted, it has been common for employers to shift some of this change onto employees by making changes to their schemes. Substantial changes must now be preceded by consultation with scheme members, if not negotiation with trade unions.

Under conditional indexation schemes if benefits rise in cost the liability falls on the members to the extent of all future indexation and, in the ACA model revaluation being removed. Only after that does any liability fall on the employer and then the door is still open to them to shift liability onto employees by making changes in the future level of pre-indexation benefits.

The ACA version of conditional indexation extends the scope of the risk shifting to members considerably further, making it far less likely that liability for increased costs will ever fall on the employer. Firstly, it pre-supposes a switch from final salary to CARE which unless accompanied by an offsetting improvement from a higher accrual rate (unlikely in current circumstances) reduces the initial level of benefit as well as offsetting risk to the employer from the effects of any higher salary inflation than has been assumed. Secondly, it incorporates an automatic adjustment in the pension age in order to offset costs from any improvement in mortality. Thirdly, it extends conditional indexation to revaluation of deferred pensions as well

When risk-shifting in a DB scheme is extended to this extent it becomes debatable as to whether in reality the benefit being provided is akin to a DC benefit dressed up as DB (what might be depicted as a wolf in sheep's clothing). Where adjustment of member benefits is automatic the pressure on employers to increase their contributions to protect members is greatly reduced.

Q.17 Is conditional indexation a suitable response to the costs and risks of DB to employers?

It will certainly be attractive to employers but not to scheme members. Members in schemes with 2.5% LPI, i.e. a guarantee below the prospective

level of inflation, will already feel they are sharing risks. Conditional indexation shifts risk wholly to members to the extent of the full value of all prospective future indexation and, on the ACA model, revaluation.

An average deferred benefit might be deferred for 20 years prior to retirement and an average pension in payment for 25 years (allowing for some early retirement as well as longevity). The difference between nil indexation over these periods and even 2.5% LPI is a major slice of the value of benefits.

The effect of conditional indexation is to put retirees at the front of the queue of those who will suffer when a scheme gets into deficit. It is much easier to withhold an increase to a pensioner than to address the benefits of current employees. Pensioners are not generally in a position to defend their interest and will look to others to do that for them. Conditional indexation for the employer avoids any awkward debate as to whether they or the member should bear the cost of a deficit.

Q.18 Are there better approaches to conditional indexation?

One way of increasing the acceptability of conditional indexation would be for schemes adopting it to be obliged to target a rate of indexation higher than the current statutory minimum e.g. to target 5% rather than 2.5% LPI.

There would also seem to be a case for tightening up on contracting-out arrangements by making clear that the reference scheme test should be satisfied by the period of membership in a conditionally indexed scheme alone, rather than on the basis of any account being taken of an individual's pre-conditional indexation benefits in the same scheme. Any relaxation of the reference test, in respect of pension increases, for conditionally indexed schemes should be compensated for by a higher accrual test (e.g. a minimum basis of 1/80 of all earnings)

If conditional indexation is going to be sold under a risk-sharing (rather than risk-shifting) prospectus then consideration would have to be given that any saving made from withholding indexation (and, in the ACA model, revaluation) would have to be matched by an increase in the level of employer contribution committed to the scheme over and above the initially agreed level. Those extra contributions might be refundable to the employer at the same time as past missed indexation was restored.

A further question is whether a limit should be placed on the degree to which revaluation to deferred members should be withheld, as such members might suffer disproportionately as they would suffer subsequently like all other members as pensioners as well. Some link could possibly be made to the degree to which average pensionable pay is rising in the scheme. However, the better solution would be not to allow revaluation increases to be drawn into the scope of conditional indexation.

At the present time there may be a feeling on the part of both employers and active members that pensioners and deferred members now escape adverse

effects of deficits but models of conditional indexation may serve to over-correct this imbalance and certainly would do so in respect of deferred members.

Q.19 would current DB sponsors adopt this as a middle ground forestalling a move to DC?

Conditional indexation might well prove to be attractive to some employers, particularly larger ones. It might, however, not result in an overall improvement in the quality of current provision as for each employer who was persuaded to hold back from a more radical attack on their pension scheme there might be another encouraged to go further than they might otherwise have.

Q.20 Would DC sponsors move to conditional indexation to protect employees in DC?

This is unlikely unless conditional indexation is permitted on such a wide (ACA type) basis as would render them akin to collective DC schemes subject to employer influence. An attraction might be seen in being able to offer a DB scheme whilst knowing that the risks to themselves was minimal.

They might also have an attraction to employers wanting to equalise the position between employees in final salary and employees put into DC after the final salary scheme closed.

Q.21 Are the risks associated with conditional indexation correctly identified?

The Consultation Document does identify some of the principal risks and this response has sought to identify a number of others.

A key one is the scope for employers to cynically manipulate such schemes so as to allow them to fix their future contribution in most conceivable circumstances. This allows them to then offer a DB scheme which is in reality a collective DC scheme while using their powers under the scheme, principally manipulation of future benefits, to influence the distribution of benefits between different sections of the scheme membership.

There should be no question of surpluses arising and being returned to employers if these schemes are wound-up.

A further one is that if schemes are not managed by trustee boards operating with clear independence from the employer they will rapidly fall into disrepute and this is an issue addressed in Q.22.

Q.22 What sort of member protection is required?

Unite does not believe that any trust-based pension scheme should be allowed to operate where the employer appoints the majority of the trustees. The conflicts of interest heightened by the new funding and employer debt legislation cannot be adequately managed where employers have undue influence over trustee boards.

Conditional indexation strongly reinforces this case as members must be given confidence that these schemes are not vulnerable to employer manipulation. Moving from a situation where members' benefits are fixed and employers are liable for any deficiency to one where a large part of members benefits become variable amounts to a major reduction in security.

The independence of trustee boards from employees is a pre-requisite of achieving member confidence and so there must be an equal number of members trustees and employer trustees and either no casting vote or an independent chair.

If employers are wishing to share risks and escape compulsory indexation then they must be prepared to share control of their pension schemes.

Q.23 Does the fact that the scope of conditional indexation is linked to the level of indexation affect its attraction?

What is at stake in terms of conditional indexation may only be 2.5% unless conditional indexation schemes are obliged to target a higher degree of indexation than the statutory minimum. Perversely the prospect of higher inflation would reduce the attractions of these schemes as companies would be expecting to see scheme costs reduced by inflation eroding the value of member's benefits.

Q.24 Would collective DC scheme add significantly to risk sharing available to DB schemes?

Companies only incur risk from Collective DC schemes if they allow their DB scheme to assume the risks of being an annuity provider to the schemes. This does not seem a likely development and on that basis the Consultation Document's suggestion that Collective DC involves some risk-sharing by employers is a distortion of the likely reality.

Collective DC involves the employer shifting all pension risk on to their employees and, at a secondary level to annuity providers

Q.25 Is sharing DC risk amongst scheme members a suitable response to the costs and risk of DB sponsors?

The fact that Collective DC schemes allows some redistribution of risks and may produce an overall better outcome for the totality of their members does not alter the fact that employers have shifted all risks onto their employees.

Unite does not agree that Collective DC, any more than conventional (individual) DC, is a suitable response from employers. Employers are better able to bear risks than employees and so a complete shift of risk is never a suitable response. Discussion of Collective DC should not be bracketed together with other forms of risk-sharing in relation to DB schemes.

Q.26 Would scheme sponsors adopt this as a middle ground for continuing to provide some form of DB provision?

It does not seem conceivable that employers will get themselves into a situation where they are systematically subsidising annuitisation by providing conversion terms into DB provision at the point of retirement of Collective DC members which are intended to underpin some particular level of benefit.. Only if they did could Collective DC be suggested as being a 'middle ground'.

Employers may see Collective DC, under their control, as a way of offering guarantees to particular groups of members without themselves incurring any of the regulatory and other obligations associated with a DB scheme. However, any such guarantees logically will be provided at the expense of other members of the scheme, given the employers fixed contribution, who may perceive themselves as being disadvantaged. The scope for this to happen needs to be carefully controlled.

Collective DC is a variant of DC and debate should not be focussed on its comparability with DB. This only distorts a valid discussion about whether Collective DC has any advantage to members as compared to conventional DC.

Q.27 Would DC sponsors adopt Collective DC in order to protect their employees from some of the risks of conventional DC?

Collective DC could have attractions to the largest employers on the basis of their providing slightly better benefits for the same bucks and their smoothing retirement outcomes. Their own interest may be seen as to an extent lying behind any declared objective of protecting employees.

However, there may be some concern for employers that if they are perceived as having a significant influence over the outcomes these schemes produce then they may come under heightened pressure from members to acknowledge responsibility for benefit outcomes and to adjust their contributions.

Q.28 Would members accept Collective DC as a way of sharing risk?

If the employer contribution is fixed then members will not be fooled into believing that the employer is sharing the risk and will realise they are sharing or pooling risks amongst themselves. Clearly, there will be potential for redistribution of benefits within the scheme, and this will lead to some key concerns. Members will need to feel part of the 'collective' in order to reconcile them to this possibility and the loss of their own individual pot.

First, members will not readily accept employer control of such schemes and will expect member trustees to comprise at least 50%, if not a majority of the trustee board. In a DC scheme the concept of pensions being deferred pay has added resonance and employers dictating how that pay should be spent, by having control over the allocation of benefits within the scheme, would not be acceptable. Where any guarantees of any sort are offered these should be under joint control i.e. with the consent of member trustees.

Second, members may be relieved to escape an obligation to engage personally with investment decisions and will recognise the potential advantages of smoothing and of higher returns consequent on a more return-oriented investment strategy. However, this will be weighed up against the perception of a loss of control and nervousness about some groups being favoured above others (discrimination which might be suspected even if there were no objective foundation for those suspicions)

Third, members would certainly welcome some indication of their prospective benefit but will rapidly perceive that the Collective DC is not a defined benefit and lacks any substantial guarantee. There will need to be great care with how entitlements are communicated and any attempt to dress it up as a DB scheme will result in its being discredited.

Q.29 Are the principles suggested for the regulation of collective DC appropriate?

The suggested principles do seem appropriate but need to be supplemented by an over-riding principle based on democratic control with a minimum of 50% member trustees.

Communication and presentation must be carefully managed so that no impression is given that there is a defined benefit.

Q.30 Do the attractions of Collective DC justify the creation of a new regulatory regime?

Yes, this would seem to be an important development to create the space for innovation in terms of 'DC plus' schemes.

Q.31 What else could be done to increase the certainty or predictability for members in DC schemes?

The key issue here is how we can persuade employers to take on some of the risk by measures other than those discussed in the Consultation document. Clearly, a key issue is the knock-on impact which taking on any such risk would have on regulatory or accounting obligations.

One possible device (tabled for possible consideration rather than with any recommendation) might be to allow employers a basis to establish some form of discretionary pension fund. This would allow them, on a tax advantaged basis, to set aside monies to support pension provision but on a basis which creates no definite liability.

The fund might be used to smooth pension outcomes defined in relation to some specified target level of pension but without a definite obligation to do so. It would be an unallocated DC contribution with a rule that its proceeds could only be used at any time on an equitable basis as between all members in a related pension scheme.

An obvious problem with this would be the effect on pension outcomes of members taking different pension investment choices. This might either suggest the idea could only complement a Collective DC or that it would be linked to an outcome defined by relation to a default fund, rather than what the individual member had chosen to invest in.

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