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Department for Work & Pensions
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Dear Sirs

A proposed methodology for equalising pensions for the effect of GMPs Response to Discussion Paper

The Association of Professional Pension Trustees is an organisation of over 160 individuals who act as professional independent trustees to UK occupational schemes, some as sole practitioners and some working in firms of such practitioners. Our members represent a large number of mainly larger pension funds with combined assets of several hundred billion pounds.

Our aims are to:

- encourage and promote the highest professional standards in those who practise as professional pension trustees
- promote the role of professional trustees

Our response to the consultation focuses on just the third part (GMP equalisation), and is as follows::

Question 11: Is the proposed methodology the best approach? What, if any, other methods should we consider?

We understand that the Government remains committed in principle to the equalisation of GMPs accrued since 17 May 1990, although the outcome of last year's EU referendum suggests that there may no longer be a binding legal requirement for the Government to do this.

We are satisfied that the proposed methodology appears rational and would achieve the Government's stated aim. However, we are concerned that the conversion process has the potential to reduce some deferred pensions. This will surely prove difficult to explain and justify to members affected in this way.

Question 12: Is there anything about the proposed process that raises concerns or might not work – if so, what needs to be done?

We are concerned that there is insufficient clarity about how pensioners' GMPs are to be equalised. The provision of more examples would have been helpful.

Question 13: What are the potential administration costs from using the proposed methodology? How might these costs be reduced?

It is difficult to quantify the administration costs of equalisation, but it is to be expected that they will be very high. A serious problem will arise as the quality of data available to trustees and their advisers is likely to be variable at best, and addressing this is likely to prove extremely expensive.

We suggest that costs could be controlled if conversion were to be carried out at the same time as a scheme's triennial valuation.

Question 14: What do you think of the proposed changes to the GMP conversion legislation? (We would be particularly interested to hear from schemes that have already converted GMPs using the current legislation)

We are broadly in support of the proposed changes.

Yours faithfully



Nita Tinn
Association of Professional Pension Trustees