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Roy Bartholomew  
Life and Pensions Policy  
Policy, Risk and Research Division  
Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

18 December 2014

Dear Roy

### **CP14/24: Charges in workplace personal pension schemes**

The Association of Professional Pension Trustees is an organisation of over 120 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

### **APPT's response**

Our response to this consultation is based on a survey of APPT's members.

*Q1: We would welcome views on the likely equality and diversity impacts of the proposed rules.*

We agree that there are no grounds for concern with to potential equality and diversity impacts of the proposed rules.

*Q2: Do you agree that workplace personal pension scheme providers are best placed to ensure compliance with the charge cap?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>85.7</b>
<b>No</b>	<b>14.3</b>

Comments included the following:

*with regulator oversight*

*Yes, provided that they are obliged to disclose details in a clearly set format to Trustees / IGC's*

*Q3: Do you think FCA's proposed methodology for deeming default funds appropriately captures members who have not made active investment choices?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>100.0</b>
<b>No</b>	<b>0.0</b>

*Q4: Do you believe FCA's proposals in relation to the period over which charges will be measured against the cap are proportionate?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>100.0</b>
<b>No</b>	<b>0.0</b>

*Q5: Do you agree that our proposed calculation measurement of average funds under management during the course of the year is the most appropriate method? If not, what would be a fairer solution for consumers?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>100.0</b>
<b>No</b>	<b>0.0</b>

*Q6: The proposed cap will exclude the following:*

- *Transaction costs*
- *The provision of non-standard services such as drawdown and life cover*
- *Charges incurred as a consequence of complying with a court order*

*Do you believe there should be any other exemptions?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>0.0</b>
<b>No</b>	<b>100.0</b>

*Q7: Will clarifying the option of moving all their invested funds into a new default arrangement achieve the objective of moving consumers to lower charging options where suitable?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>100.0</b>
<b>No</b>	<b>0.0</b>

*Q8: Do you agree that all members in automatic enrolment Qualifying Schemes should be covered by the protections from differential charges?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>80.0</b>
<b>No</b>	<b>20.0</b>

Comments included the following:

*No fund should have a charge (TER) of more than 0.50%*

*Employers may be prepared to pay charges for active members but not deferreds*

*Q9: Do you think moving from differential charging structures, based on whether members are paying contributions, will create any major difficulties for firms or employers?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>60.0</b>
<b>No</b>	<b>40.0</b>

Comments included the following:

*Everyone should pay the same charges (actives and deferreds)*

*Q10: Do you agree that members' funds should only be used to pay for advice where the member has explicitly agreed to the services provided by the adviser?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>80.0</b>
<b>No</b>	<b>20.0</b>

Comments included the following:

*I think in all circumstance the charge should be separate*

*Q11: Do you agree that it is achievable for firms to remove consultancy charges from Qualifying Schemes by 6 April 2015?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>100.0</b>
<b>No</b>	<b>0.0</b>

*Q12: Do you agree commission and the remaining banned remuneration payments should be removed from Qualifying Schemes by 6 April 2016?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>80.0</b>
<b>No</b>	<b>20.0</b>

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*Q13: Do you agree that FCA's proposed method of implementing the proposed changes in line with Government policy is proportionate?*

	<b>Response (percentage)</b>
<b>Yes</b>	<b>100.0</b>
<b>No</b>	<b>0.0</b>

Yours sincerely,



Nita Tinn  
Association of Professional Pension Trustees