

Mr Charles Counsell, Chief Executive  
The Pensions Regulator  
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Charles.Counsell@tpr.gov.uk  
February 2, 2022

Dear Mr Counsell,

### **Defined Benefit Pensions and Collective Defined Contribution Schemes**

Thank you for your letter of 19 November 2021. I see no reason why it is marked “Private and confidential.” The content is a matter of public interest, as was my email. For this reason, I have copied my original email, your response, and this letter to the Pensions Minister, and to Baroness Altman members of the House of Lords who has an interest in pensions. I raise questions A - J. I will also consider putting the correspondence on my webpage.

In my opinion, there is clear evidence that your response is evasive and includes false statements.

#### **Evasion of evidence**

With regard to your claim that “the reports you reference relate to the Canadian pension system which is of course different to that of the UK pension system which we regulate, therefore it is not for us to comment on further”, this claim is false for the reasons set out below.

The report *Shifting Public Sector DB Plans to DC* refers to Australia and to nine states in U.S.A, and does not only “relate to the Canadian pension system”.

A. What are the differences between the Canadian, Australian and U.S.A pension systems and the UK pension system which mean you have nothing to learn from this report?

As you confidently state that the system is different, I presume you have to hand a report which explains all the differences, and why the UK has nothing to learn.

Further, as I stated, the World Bank report holds Canadian Pensions provision up as a model for the world, as is evident from the title: *The Evolution of the Canadian Pension Model: Practical Lessons for Building World-class Pension Organizations*.

B. On what basis do you reject the conclusions of the World Bank report, and ignore the Canadian Pensions provision? As you reject it, I presume you have your own report which provides evidence, with coherent and comprehensive reasons for rejecting the World Bank report.

Even if the report had only referred to Canada, refusing to comment is an evasion which strongly suggests to me your almost complete ignorance of the report. That it is an evasion is evident from your failure to explain why the five groups of stakeholders in DB pensions in the UK are so different from those in Canada. You also fail to provide any evidence that the financial analysis which shows that DC schemes are much poorer value than DB schemes is incorrect.

C. What reasons or evidence can you provide to demonstrate that UK employees and their dependants, taxpayers, future generations, public sector employers and governments, are so different that there is nothing we can learn from research or experience of other countries?

Again, I presume you have to hand a report addressing this.

#### **What the Pensions Regulator does**

I quote your website, adding numbers: “We are responsible for:

- wwd1. making sure employers put their staff into a pension scheme and pay money into it (...)
- wwd2. protecting people’s savings in workplace pensions
- wwd3. improving the way that workplace pension schemes are run

wwd4. reducing the risk of pension schemes ending up in the Pension Protection Fund (PPF)  
wwd5. making sure employers balance the needs of their defined benefit pension scheme with growing their business”

**wwd2 or wwd4**

You claim, twice, that your *statutory focus* is only on the past, on contributions already made to pension schemes.

D. Is this a claim that wwd4 is your only statutory focus? Or that only wwd2 and wwd4 are your statutory focus?

Your asserted *statutory focus* implies that the future security of those who are financially excluded or at the margins of financial inclusion are excluded from your responsibility. I made no suggestion that future provision should be prioritised over past pensions. Consideration of all stakeholders addresses both past and future pensions.

I quote from the TPR blog dated 21 December 2021 “Earlier this year we set bold new ambitions to drive down inequality among savers and to create a fairer and more inclusive culture across the pensions industry.”

**wwd3**

You state that “It is not our place as the regulator to favour any particular scheme design”.

E. Is it your place as regulator to consider the value for money and security of different pension scheme designs, in order to advise government and bodies which run pensions schemes?

F. How can you improve the way pensions schemes are run if you fail to evaluate scheme designs?

G. If it is not your place to consider value for money and security of pension scheme designs, are you able and willing to tell me what body is responsible for such advice?

**wwd5**

You write “It is also important that affordability for sponsors ...” without stating that this is a *statutory focus*.

H. Why do you not include wwd5 in your *statutory focus*? How do you ensure that the growth of businesses are balanced against high demands for contributions to defined benefit pension schemes?

**wwd4 and wwd5**

I. Do you include the risks that high contribution demands will bankrupt a business and therefore force the scheme into the PPF?

J. Are you willing to acknowledge the criticisms of the Office for Statistical Regulation, and publish an apology for promoting seriously misleading graphics?

As TPR is “an evidence-based regulator”, I had hoped you would be willing to provide impartial information.

This letter is supported by Zarah Sultana MP.



Professor Jane L Hutton, February 2, 2022  
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cc. Zarah Sultana, MP

Guy Opperman MP, Minister For Pensions and Financial Inclusion  
Baroness Altman, House of Lords