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By Email Only: JointPensionStrategy@fca.org.uk

Donald Cranswick
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

Dear Donald

Response to tPR and FCA

Please see below responses on behalf of ITS:

1. The combination of Pensions freedoms, the increased use of Master Trusts and introduction of Auto Enrolment has resulted in greater fluidity in how people save and access their retirement savings. When coupled with individual savings vehicles such as ISAs there is now a plethora of vehicles regulated by different regulators. This can be inefficient both from a member and a provider prospective. For providers they have to comply with two sets of regulations and for members they expect a seamless service, regardless of which regimes they fall under. There is still a question of whether the Pension Regulator is best placed to regulate Master Trusts as the majority of these are commercial arrangements rather than employer based trusts. Further action is required in the area of transfers at the point where members are accessing their savings.

2. We believe the Regulators should prioritise the final area identified. There has already been significant focus on the areas of auto enrolment, governance, value for money etc. Previously employers have been regarded as the first stop for information on pension savings by their employees; however, with DC the primary delivery mechanism of providing pension benefits, employers are becoming more remote from the details of the benefits offered and the "gap" is not currently being filled.

3. If regulation permits, Regulators could do more to emphasis the tax efficiencies of saving into a pension scheme and encouraging members to increase their contributions to the maximum allowed under their particular arrangements.

4. We believe there is scope for better alignment of value for money criteria under the two regimes. In particular we believe the Regulators should focus on those with "small pots" where portability of pensions is still an issue and where there is currently insufficient protection against erosion of benefits for those with multiple small balances.

5. We would like to see the regulators lead on the introduction of standard data protocols to enable users to access data in a standard format and ease the transfer of funds/payment of contributions so that pension savings accounts operate much like a bank account.

6. (i)As stated in Q2 we believe that more could be done to support members with low balances who are less likely to be able to afford independent financial advice and who are currently getting little or no help with planning how to access their retirement savings. This will be a growing issue as those who have been auto-enrolled in a pension arrangement for the first time approach retirement. (ii) We have seen a focus on charges at expense of other measurable indicators of VfM. For example measuring risk/return of default strategies and ensuring members are provided with adequate explanations may be a more meaningful measure. Meeting the Charge cap has precluded use of some less liquid alternatives which may be useful diversifiers for long term pension investors.

7. We agree focus on choices around retirement is currently appropriate, especially for those without access to advice, see above. However, Regulators should not lose sight of the need for suitable guidance to avoid poor investment choices when members join a scheme

8. One of the biggest macro trends is the inability of Millennials to access housing market (other than via bank of Mum and Dad). Not only does this affect current level of pension savings but they will be starting families later and consequently burdened with child rearing costs for longer leaving them very little time in between to save for retirement. This plus increased longevity and lack of any policy for long term care for those unable to fund themselves is an issue for the pensions and savings industry to address along with central government.

Yours sincerely

Nita Tinn
Director