

Date: 22 December 2008
Prepared for: BAS
Prepared by: Hewitt Associates

Consultation on contracting-out amendments to TM1

Introduction

We set out below our response to your consultation on amending TM1 for revised contracting-out provisions.

Implementation

The proposed timescale is extremely challenging – it would require system changes to be made and tested between the publication of the final version of TM1, hopefully at some point in January, and 6 April 2009.

Our view is that a six month implementation period is needed.

Future changes

The proposal that money purchase contracting-out should be treated as ending on 6 April 2012, unless a different date is appointed by order or the Secretary of State, is likely to cause difficulties.

There is no suggestion of a transitional period from the date such an order, to allow system changes to be made. These could take a considerable time and possibly conflict with the deadline for issuing SMPI statements. We would suggest a six month transitional period from the date of such an order.

Allowance for spouse's pension

TM1 requires the provider to assume that protected rights benefits will be used to purchase an appropriate spouse's or civil partner's pension, in line with current legislation.

This requirement is expected to be abolished from 6 April 2012 – it is therefore not clear that this assumption remains appropriate for a member who is known to be single and expected to retire after abolition.
