

Emily Brown

From: Gareth J Kitchener [GARETH.KITCHENER@norwich-union.co.uk]
Sent: 19 December 2008 15:45
To: BAS TM1
Cc: Ian W Long; Martin H Wilcox
Subject: SMPIs/TM1

Dear Sirs

We are pleased to submit Norwich Union's response to the "Amending TM1 for Revised Contracting Out Provisions: Consultation Paper". In particular, please note our concerns over the timescales being suggested.

1.2 - When is the review expected to be completed? Providers will need sufficient time to make the necessary changes to systems etc. If further changes are required as a consequence of a Government decision on the date of abolition of contracting out, it would be sensible to tie the two sets of changes together so they can be done at the same time.

2.2 - It is completely impractical for SMPIs prepared after an announcement of a revised abolition date to reflect the new date straight away as providers would need time to amend systems and documentation to reflect the change. We would suggest that a minimum of six months notice is needed. The continued uncertainty over the abolition date is of course very unhelpful - both to providers and the recipients of the projections. There would seem to be no good reason why the date of abolition of money-purchase contracting out needs to be linked to the date of changing the uprating of the Basic State Pension. What is really needed is a Government decision.

2.5 - April 2009 is far too soon for providers to be able to make the major system changes and complete the substantial amount of testing that would be needed. We would request that a further six month window after 6 April 2009 is allowed.

3.1 - 3.3 - Specific details concerning the change to the accrual bands and related rebate levels are not included. We assume these are implicit. It is disappointing that the examples are proposed to be removed rather than updated as we feel they would be helpful.

5.1 - The interests of recipients of SMPIs would be best served by certainty from the Government about the abolition date. In the absence of certainty we do not feel that any of the three options originally suggested is significantly better than the others from the recipients' point of view. Whenever contracting out is abolished, the lower private pension will be balanced by a higher State pension so the overall remuneration in retirement will not be drastically affected.

Imposing an impractical combination of requirements and timescales on the industry may result in delays in the issuing of statements, which would not be in the recipients' best interests. We would therefore repeat our previous suggestion that until we have more certainty of the actual date, we should continue to assume future rebates are received up until retirement.

5.6 - Publishing the revised TM1 in January is already far too late for an April 2009 implementation. As stated above, the system changes and subsequent testing that will be required are substantial and we really need a further six month window after 6 April - assuming that the revised TM1 is indeed published in January.

Yours faithfully

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