

Emily Brown

From: Naismith, Ian [Ian.Naismith@scottishwidows.co.uk]
Sent: 19 December 2008 12:34
To: BAS TM1
Subject: Consultation paper on amendments to TM1

Thank you for the opportunity to comment on the proposed amendments to TM1. Scottish Widows is part of Lloyds TSB Group, and markets a wide range of pension products. Our customers include individual investors and employer-sponsored arrangements ranging from micro-employers to large PLCs. We currently provide private pension arrangements for over 2 million individuals and 57,000 companies.

As a matter of principle, we agree that SMPIs should reflect as closely as possible the likely position of each scheme member. However, it must be borne in mind that SMPI is only part of the information a member may be given (or may request) about likely pension amounts. Ideally changes to SMPI to remove the assumption of rebates beyond 2012 should be coordinated to changes to State Pension Forecasts to allow for individuals becoming contracted-in in subsequent years. It is not clear to what extent BAS is liaising with The Pension Service on this.

While we should be able to make the changes by April if required, we believe the time between finalisation of the guidance and implementation is too short. We suggest that a 6 month transition starting from April would be more appropriate.

Given the uncertainty over the abolition date, we believe there is a case for adopting the approach in paragraph 2.3 and assuming rebates stop immediately. This is particularly the case if State Pension Forecasts are not changing in the short term, meaning that the individual cannot obtain a complete picture of retirement income anyway. Having said that, assuming rebates stop after 2012 is not a big systems change for us.

We hope these comments are helpful.

Regards,

Ian Naismith
Head of Pensions Market Development.