Options for defined benefit schemes: Government response to call for evidence

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Ministerial forward

I would like to express my sincere gratitude to the many stakeholders across the pensions industry who contributed to this call for evidence, both through formal responses and informal engagement. I am committed to ensuring the UK has a strong DB pensions sector which provides secure retirements for members while also contributing to the wider economy.

DB schemes hold approximately £1.4 trillion in assets. In July, the Chancellor announced a number of government initiatives aimed at enhancing investment in UK productive finance while safeguarding member benefits and prioritising a strong and diversified gilt market. In line with the government's priority to deliver greater economic growth, our ambition here is twofold: ensuring that the high-growth businesses of tomorrow can access the capital needed to start up, scale up, and list in the UK, while also ensuring that pension scheme money is working as effectively as it can for members and sponsoring employers. Aligned with this, we are making changes to the DB funding code of practice to support a less risk-averse approach to encourage scheme investment in productive finance.

As the funding position of many DB pension schemes has improved, many schemes have pursued insurance buy-out as a long-term solution to securing member benefits. While we believe that buy-out will remain an attractive option for many schemes, responses to our call for evidence suggest "running on" may have benefits for sponsoring employers and the wider economy. We are keen to work with all stakeholders to ensure extracting surplus that may build up if such schemes are investing in productive assets can be made easier, while always protecting member benefits.

The call for evidence also sought views regarding the potential role of a public consolidator in the buyout market. We believe consolidation can have positive impacts for pension schemes and the economy by reducing scheme costs and allowing access to higher-growth assets in which smaller and less well funded schemes would individually struggle to invest. We believe there is a place in the DB market for a limited public consolidator aimed at schemes unattractive to commercial providers on an opt-in basis and we feel the Pension Protection Fund has the necessary skills and experience to run this consolidator. We will work with the pensions industry to establish a public sector consolidator by 2026, aimed at schemes that are unattractive to commercial providers.

I look forward to continuing to work with all stakeholders to further strengthen the DB pensions sector.

Paul Maynard MP

Minister for Pensions

Introduction

Summary

1. This document is the government response to the ‘Options for defined benefit schemes’ call for evidence launched by the Department for Work and Pensions (DWP) on 11 July 2023. The call for evidence ran for 8 weeks, closing on 5 September 2023. It sought feedback on the capacity for DB pension schemes to contribute further to productive finance. The call for evidence focused on three areas:

   - **DB investment in productive finance**, including international comparisons and incentives for trustees to invest more in productive finance.

   - **Building surplus,** including current and potential future conditions for extraction of surplus from DB schemes, encouraging scheme investment in productive finance, and transferring surplus between DB and Defined Contribution (DC) schemes where an employer sponsors both types of scheme.

   - **Public consolidation,** including the need for and potential impacts of a public consolidator on the current DB pensions landscape, a potential role for the Pension Protection Fund (PPF) as a public consolidator, the potential impact of a public consolidator on productive finance investment, and the mechanics of a potential public consolidator.

2. Most respondents expressed general support for the government’s productive finance agenda. Many argued that this should not come at the expense of the security of pension scheme member benefits. A significant number of responses also commented that the draft Funding Regulations broadly support de-risking over productive finance investment.

3. There was no consensus however as to a path forward with respect to building surplus, public sector consolidation or the PPF taking on a role as a consolidator. Insurers and the advisory community typically objected to public sector consolidation but there was some support from trustees for a small-scale public sector consolidator. Respondents expressed caution to each of the options, frequently expressing concerns regarding the potential for changes in the funding positions of DB schemes, the need for clear regulatory safeguards around surplus extraction, and the need to establish a clear market failure in existing DB endgame solutions before introducing a public consolidator.

4. We will launch a public consultation to consider the detail of measures to make surplus extraction easier, including design, eligibility, safeguards, and the viability of a 100% PPF underpin. We will establish a public sector consolidator by 2026 focusing on schemes that are unattractive to commercial providers.

Responses to the call for evidence

5. We received 92 responses to the call for evidence. These were made up of a diverse range of stakeholders, including academics and think tanks (4), an accountant group (1), actuaries and actuary groups (6), employers and employer groups (3), insurers and insurer groups (4), investors and investor groups (11), lawyers and lawyer groups (6), pension professionals groups (2), pension schemes and scheme groups (4), a pensions commentator (1), public bodies (3), scheme members (7), trade unions and trade union groups (4), trustees and trustee groups (5), other members of the advisory community (30), and one further interested party (1). Annex A contains a list of respondents to the call for evidence.

6. While DWP has undertaken a detailed analysis of responses, this document highlights the main feedback received and is not an exhaustive commentary on every response. Not all respondents made submissions to every question or area of the call for evidence.

Chapter 1: Should government do more to support DB schemes' ability to invest in productive finance?

We asked:

> **Question 1:** Do you agree that DB schemes are underinvested in productive finance compared to international comparators?
>
> **Question 2:** What changes might incentivise more trustees and sponsors of DB schemes to consider investing in productive assets while maintaining appropriate security of the benefits promised and meeting their other duties?

Respondents said:

General agreement that UK DB schemes invest comparatively little in productive assets

7. Most respondents supported the government's objective to increase investment in productive finance, with many arguing that this should not come at the expense of the security of member benefits.

8. The majority of respondents also agreed that UK DB schemes invest less in productive assets than DB schemes internationally. Respondents ascribed this to the differing objectives of UK and international schemes: namely that closed, corporate DB schemes in the UK are typically focused on de-risking as funding improves and they look to buy-out. Respondents observed that the large, open UK DB schemes invest in productive assets in similar ways to international counterparts. Respondents suggested UK pension system exposure to equities was lower than other large pension markets.

9. Respondents questioned DWP's use of "underinvest" in the call for evidence, suggesting that while schemes invest less in these assets than international schemes, this lower level of investment reflected the risk aversion of trustees, including their perception of TPR's approach to risk. Respondents also indicated that as the tax advantages of investments in UK equities have diminished, schemes have transitioned investment to international equities. Several respondents questioned the government's definition of productive assets.

10. Respondents noted that the UK DB landscape was not unique in diversifying away from productive assets, citing a reduction in domestic equity exposure by Australian, Canadian and Dutch schemes. Respondents cautioned however that legislative and regulatory frameworks differed considerably between countries and that international comparisons needed to be considered in this context. A small number of respondents disagreed with DWP's assessment, citing a lack of evidence that UK DB schemes were underinvested in productive assets.

Support for changes to taxation of surplus and pensions legislation

11. A significant number of respondents suggested changes to the taxation of authorised surplus repayments could incentivise trustees to extract surplus from DB schemes. Respondents also suggested reforms to valuation methods and reinstatement of tax relief on UK dividends would be effective in this respect.

12. A minority of respondents disagreed, with one advisory respondent noting that the current 35% rate of tax on authorised surplus repayments is designed to be neutral, reflecting the initial tax break given on pension contributions and tax-free investment returns within the pension scheme.

Conclusion to Chapter 1

13. The government will take measures to increase investment by DB pension schemes in productive finance whilst continuing to prioritise a strong and diversified gilt market. We will do so through making extraction of surplus easier, with appropriate safeguards for member benefits, and establishing a public sector consolidator by 2026.

Chapter 2: What is the evidence with respect to building and extracting surplus?

Measures to encourage scheme investment in productive finance

We asked:

> **Question 5:** Would enabling trustees and employers to extract surplus at a point before wind up encourage more risk to be taken in DB investment strategies and enable greater investment in UK assets, including productive finance assets? What would the risks be?
>
> **Question 6:** Would having greater PPF guarantees of benefits result in greater investment in productive finance? What would the risks be?

Respondents said:

Mixed views regarding the impact of surplus flexibilities on productive finance

14. We received mixed views regarding the impact of additional surplus flexibilities on productive finance investment by UK DB schemes. Respondents noted that additional flexibilities would likely lead to riskier investment strategies, while noting that investment would not necessarily be in UK assets. Respondents suggested that trustees' fiduciary duties should lead them to consider investments on a global basis.

15. Respondents indicated that even if schemes were incentivised to re-risk, increased investment in UK productive finance would not necessarily follow on the basis that productive investments are complex and would be challenging for many schemes to invest in. Respondents also expressed doubt as to the impact on productive finance allocations from many schemes on the basis of the small size and lack of relevant investment experience within DB schemes.

Some concern about 100% PPF underpin

16. Some respondents supported opt-in higher benefit guarantees, citing the potential for riskier investment and greater productive finance returns, while noting the possibility for excessive risk taking. Many questioned, however, whether additional benefit guarantees would necessarily lead to greater productive finance investments.

17. A larger number of respondents questioned the feasibility and moral hazard implications of an opt-in regime whereby schemes elected to pay a higher levy in return for 100% benefit protection by the PPF. Respondents highlighted a number of concerns, including doubts around take-up by schemes and potential impacts on existing PPF levy payers and members. Responses also raised the issue of fairness between current and future PPF members, suggesting that greater PPF guarantees might lead to increased levies across the board, causing significant impacts on small DB schemes.

18. Respondents suggested a 100% benefit guarantee could lead to moral hazard, as such a guarantee could encourage poor decision making by scheme trustees. Several respondents also highlighted existing case law prohibiting scheme trustees from accounting for the existence of the PPF in their investment strategy.

Current and potential conditions for surplus extraction

We asked:

> **Question 3:** How many DB schemes' rules permit a return of surplus other than at wind up?
>
> **Question 4:** What should be the conditions, including level of surplus, that a scheme should have, before extended criteria for extracting surplus might apply?
>
> **Question 7:** What changes might be needed to make paying a surplus to the sponsoring employer attractive to employers and scheme trustees whilst ensuring returned surpluses are taxed appropriately?
>
> **Question 9:** Could options to allow easier access to scheme surpluses lead to misuse of scheme funds?

Respondents said:

Limited scheme access to surplus prior to wind-up in the current landscape

19. A large number of respondents suggested the rules of most schemes do not permit extraction of surplus prior to wind-up of the scheme. Respondents estimated that between 15% and 25% of DB schemes allowed for this in their scheme rules, although many acknowledged their responses were based on anecdotal evidence rather than hard data.

20. Respondents described pre-wind-up access to surplus as dependent on individual scheme rules and subject to the full range of scheme circumstances, including funding position, long-term objectives, and strength of the sponsor covenant. Respondents also highlighted that existing legislation and trustee fiduciary duties make this undesirable or impractical.

Mixed views regarding additional surplus flexibilities with an emphasis on appropriate safeguards

21. We received mixed views regarding the introduction of additional surplus flexibilities. A substantial number of respondents indicated potential benefits to additional flexibilities, including via introduction of a statutory override to enable all schemes to take advantage of changes in this area. Respondents representing sponsoring employers suggested it would be helpful to have more flexibility around the circumstances in which surplus could be returned, rather than only at wind-up. A roughly equivalent proportion of respondents suggested additional surplus flexibilities would not be appropriate due to limited incentives for trustees to use them, additional risk to scheme members and likely limited impact on productive finance allocations.

22. Across the board, respondents stressed that additional surplus flexibilities should come with appropriate safeguards, such as relating to the funding level of the scheme and the strength of the employer covenant. Responses suggested the design of a statutory override allowing refund of surplus where schemes were funded above a certain threshold, such as, for example, schemes funded at moderately above buyout level. Respondents suggested that surplus flexibilities be contingent on buy-in policies or an appropriate capital buffer. Respondents also emphasised that trustee consent to any return of surplus would mitigate risk to scheme members.

Some concern around volatility of surplus

23. A few stakeholders urged caution with respect to surplus flexibilities on the basis of the potential for volatility of pension surpluses. Respondents described the level of current surplus in a scheme as an insufficient proxy for the absence of risk, highlighting that once surplus is achieved, it is not necessarily permanent. Respondents emphasised the role of pension surpluses to provide a buffer against future unfavourable market conditions.

Concern around take-up of surplus options in the context of trustee fiduciary duties

24. Where respondents expressed a view on take-up of surplus options by trustees, most suggested it would be low. Respondents suggested that trustees were unlikely to extract surplus before wind-up at the risk of creating a funding gap. Stakeholders suggested that the greater risk of running a deficit associated with surplus extraction would even result in greater trustee caution. Respondents highlighted the existing legislation and funding code as disincentivising such risks and suggested that a fundamental shift in the position of TPR and DWP with respect to risk would be a prerequisite to take-up of greater surplus flexibilities.

25. Respondents also highlighted the considerable complexity for schemes of deciding whether it would be prudent to extract surplus, suggesting this would generate complex extra work for trustees. Respondents suggested that the potential for scheme member upside from surplus return would act as an incentive to trustees, adding that this would require the amendment of legislation governing one-off payments to scheme members.

Some concern regarding misuse of scheme funds arising from surplus extraction

26. A large number of respondents emphasised the importance of appropriate regulation to match increased access to surplus by corporate sponsors. Respondents expressed concern that additional surplus flexibilities might lead to misuse of scheme funds. A trade union organisation suggested that additional surplus flexibilities risked creating an environment in which company management viewed pension schemes as a vehicle to generate corporate revenues and seeks to exert influence. A trustee organisation highlighted the risk of surplus extraction leading to underfunding of the scheme. A think tank mentioned that conflicts of interest within a trustee board and within the sponsor would need to be carefully managed.

27. A small number of respondents responded that DB scheme funds have not generally been misused by sponsors and misuse of funds was unlikely assuming appropriate scheme rules were in place and that trustees retained their fiduciary responsibilities to members. An advisory group suggested that the presence of an independent professional trustee on trustee boards would mitigate the risk of misuse of funds, while another advisory group suggested shared upside between scheme members and sponsors would also mitigate risk.

Transferring surplus between defined benefit and defined contribution or collective defined contribution schemes

We asked:

Question 8: In cases where an employer sponsors a DB scheme and contributes to a DC pension scheme, would it be appropriate for additional surplus generated by the DB scheme to be used to provide additional contributions over and above statutory minimum contributions for auto enrolment for DC members?

Respondents said:

Mixed views regarding use of surplus to enhance DC scheme benefits.

28. A large number of respondents supported this idea in principle, while noting practical complexities. Respondents noted that transfers between DB and DC schemes were currently possible in certain circumstances. Respondents indicated that increasing contributions from DB surpluses to DC scheme members was unlikely to meaningfully increase DC pension adequacy, considering the roughly 5.200 DB schemes constitute a fraction of the 1.5 million employers in the UK with DC automatic enrolment obligations. Others highlighted practical complexities, including tax and legal issues. Several respondents suggested that increasing automatic enrolment requirements of employers would be a more straightforward approach to improving DC adequacy.

29. A roughly equivalent number of respondents expressed opposition to this idea. Respondents critical of this arrangement suggested that money paid into DB schemes is specifically for the benefit of that scheme's members and that transferring surplus into a separate scheme would be inappropriate. They also noted a lack of appetite from scheme trustees to make such an arrangement. Respondents suggested that if surplus extraction was limited to this arrangement, sponsors would be less incentivised to seek surpluses in DB schemes in the first place and highlighted risks for trustees in the event that a participating DB scheme suffered underfunding.

Conclusion to Chapter 2

30. We will reduce the rate of taxation applicable to authorised surplus repayments to sponsoring employers and introduce measures to ensure surplus can be shared with scheme members. We note the need to ensure safeguards including levels at which surplus can be taken and covenant strength, and the possible benefits of a 100% PPF underpin. We will launch a consultation to consider the detail of these measures this winter.

Chapter 3: What is the evidence with respect to the potential for public sector consolidation?

Need for and potential market impacts of a public sector consolidator

We asked:

> **Question 10:** What impact would higher levels of consolidation in the DB market have on scheme's asset allocations? What forms of consolidation should Government consider?
>
> **Question 11:** To what extent are existing private sector buy-out consolidator markets providing sufficient access to schemes that are below scale but fully funded?
>
> **Question 12:** What are the potential risks and benefits of establishing a public consolidator to operate alongside commercial consolidators?
>
> **Question 13:** Would the inception of a public consolidator adversely affect the existing bulk purchase annuity market to the overall detriment of the pension provision landscape?

Respondents said:

Concern regarding the need for a public sector consolidator

31. A significant number of respondents said there should be a demonstrable market failure before the introduction of a public consolidator. Many referred to the nascent superfund market and indicated there was not currently sufficient evidence of such a failure. There was no consensus on market capacity with trustees arguing that smaller schemes were not well served by the market. Insurers suggested that there was sufficient capacity within the buyout market, with one respondent indicating it was not aware of schemes which had tendered for buy-out that had not received at least one quote from an insurer. Respondents suggested that a public consolidator would represent a major market intervention in the absence of evidence of market failure and could undermine the existing market, potentially preventing or delaying schemes' transaction decisions.

Benefits from consolidation of smaller schemes

32. A substantial number of respondents suggested that if public sector consolidation were to take place, the most benefit would come from consolidation of smaller schemes. Respondents suggested that the improved funding positions of DB schemes have triggered a greater number of schemes to target buy-out as an endgame. They argued that smaller schemes are often deprioritised and are unattractive to commercial consolidators due to lower profitability and a higher administrative burden. Respondents suggested that smaller schemes need to demonstrate a higher degree of readiness and greater commitment to negotiate to be considered for commercial consolidation.

33. Stakeholders pointed out that a consolidator would need either to compete with the existing market or operate only at the smaller end, suggesting that small schemes might be best to aim a consolidator at. Respondents suggested that consolidation of smaller schemes would allow access to economies of scale and access to greater in-house expertise whereby it could improve allocation to illiquid investments. Respondents also suggested the government could restrict the remit of a public sector consolidator to schemes who could not obtain service from commercial consolidators. Respondents caveated however that the productive finance impact arising from consolidation of small schemes might be small.

Concern regarding the impact of a public sector consolidator on superfunds and the insurance market

34. Many respondents expressed concern regarding the impact of public sector consolidation on the existing commercial consolidation market and bulk annuity markets. Respondents expressed particular concern regarding the potential impact of a public sector consolidator aimed at larger schemes, considering these schemes would be the subject of the greatest overlap between a public sector consolidator on the one hand and commercial consolidators and the insurance market on the other. Some felt that superfunds would provide an effective private sector solution once the government introduced related primary legislation. Respondents stressed that the market for commercial consolidators is in its infancy and should be given time to develop before the introduction of an additional public sector consolidation option, with some advocating a “wait and see” approach.

35. Respondents suggested strict eligibility criteria for schemes entering a public consolidator to remove overlap with the commercial consolidation market. Under this regime, only schemes which had failed to secure their benefits with commercial consolidators would be eligible for entry. More broadly, respondents highlighted the potential for systemic risk and reputational risk to the UK insurance and financial services industries arising from the creation of a public sector consolidator.

Pension Protection Fund as a consolidator

<u>We asked:</u>

Question 17: What are the potential risks and benefits of the PPF acting as a consolidator for some schemes?

Question 18: Would the Board of the PPF be an appropriate choice to operate a public consolidator?

Question 19: How could a PPF consolidator be designed so as to complement and not compete with other consolidation models, including the existing bulk purchase annuity market?

Question 20: What options might be considered for the structure and entry requirements of a PPF-run public consolidator, for example:

- Are there options that could allow schemes in deficit to join the consolidator?
- What principles should there be to govern the relationship between the consolidator and the Pension Protection Fund?

- Should entry be limited to schemes of particular size and/or should the overall size of the consolidator be capped?
- How could the fund be structured and run to ensure wider investment in UK productive finance?
- How to support continued effective functioning of the gilt market?

Respondents said:

Mixed views around extension of the PPF's remit

36. While a minority of respondents suggested a non-PPF public sector consolidator would be preferable, most respondents responded to questions around public sector consolidation with reference to the PPF. A substantial number felt it would be an appropriate organisation to run a consolidator, highlighting the PPF's strong reputation, experience and expertise. Respondents emphasised that funds in a public consolidator would need to be separated from those in the existing PPF "lifeboat" fund. However, a significant number also expressed concern regarding extension of the PPF's remit, in the context of fairness to PPF members and levy payers. Respondents also suggested a public sector consolidator operated by the PPF might have moral hazard implications.

37. Respondents recommended that the government consider how the PPF would be adapted in the context of a public consolidator to ensure fairness between current and future members and future levy calculations. Stakeholders suggested it would be inappropriate for the PPF to act as a consolidator on the basis of fairness to large schemes who pay the bulk of the existing PPF levy but are least likely to enter the PPF compensation fund. Stakeholders indicated more appropriate uses of PPF reserves would be to fund a reduction in levies or a return of levies paid to larger contributors.

38. Multiple respondents also cited the potential for moral hazard. An employer organisation suggested operation of a public consolidator by the board of the PPF would create an inherent conflict of interest and pose moral hazard issues. Other respondents implied a link between taxpayer funding and the public consolidator, suggesting moral hazard on the assumption that the government would not allow a public consolidator to fail. Multiple organisations called for greater detail as to the objectives and operations of a PPF-operated public sector consolidator, including the impact on the existing PPF levy.

Potential impact of a public sector consolidator on productive finance

We asked:

Question 14: Could a public consolidator result in wider investment in UK productive finance and benefit the UK economy?

Respondents said:

Scepticism regarding the impact of consolidation on productive finance

39. A large number of respondents expressed doubt that a public sector consolidator would have a meaningful impact on productive finance allocations.

40. A small number of respondents suggested that consolidation would create the shift in incentives necessary for increased productive finance allocations. Respondents acknowledged that the increased scale of assets in a public consolidator would allow more diversified investment, including in illiquid assets. Respondents suggested the government could design a public consolidator to facilitate productive finance investment, including by holding the consolidator to specific legal objectives. This view was matched by responses suggesting that mandatory investment in productive finance would be inappropriate and that a public consolidator should invest in the interests of scheme members only.

41. Stakeholders suggested that the impact on productive finance investment would depend largely on the means of risk underwriting. Respondents indicated that if a public consolidator were underpinned by a capital buffer, the resulting pricing might be unattractive relative to insurance buy-out, whereas if the structure were more similar to a DB Master Trust, investment risk would be relative to the strength of the sponsor.

42. A large number of responses expressed the view that the impact of a public consolidator on productive finance was likely to be limited. Respondents suggested that consolidation would not change the amount invested in productive assets given consolidated schemes would have the same maturity levels they did before consolidation. Respondents questioned whether a public sector consolidator would be more effective than commercial consolidators in this respect and emphasised that most DB scheme assets sit in a small number of larger schemes.

Mechanics of a potential public sector consolidator

We asked:

Question 15: What are the options for underwriting the risk of a public consolidator? **Question 16:** To what extent can we learn from international experience of consolidation and how risk is underwritten?

Respondents said:

No clear option to fund a public sector consolidator

43. Respondents suggested a number of options for funding of a public sector consolidator and indicated that the investment strategy of the consolidator would hinge on the nature of the underwriting. Among these were a government guarantee of liabilities; a covenant underpin; existing PPF reserves; reinsurance; private capital; and a levy paid by schemes opting into the consolidator. Multiple respondents emphasised that funds in a PPF-run public consolidator should be kept separate from the existing PPF "lifeboat" fund.

44. While some respondents supported a government guarantee of public consolidator liabilities, others suggested a government guarantee would give a public consolidator an unfair advantage over commercial consolidators.

45. Respondents expressed opposition to the use of PPF reserves to underpin a public consolidator. Stakeholders suggested it was unclear whether a levy introduced to underwrite a consolidator would differ materially in cost from the price of entering a commercial consolidator. Respondents expressed concern regarding the appropriateness, sufficiency and operational feasibility of an additional levy as a means to underwrite a public consolidator. Multiple respondents suggested that the burden of meeting any shortfall in a public sector consolidator should not fall on the wider pensions market or sponsoring employers.

46. Respondents cited the Netherlands, Canada, Australia and Sweden as countries with pension scheme consolidation. Among the relevant comparisons highlighted where the requirement in the highly consolidated Dutch system for pension schemes to maintain buffers against both investment and longevity risks and the Canada Pension Plan's statutory objective around investing for a maximum rate of return. Respondents cautioned however that international comparisons could be misleading due to differing national contexts, including benefit structures, risk levels and economic backdrops.

Conclusion to Chapter 3

47. We feel the PPF would be well placed to run a public consolidator addressing a specific market failure. We will establish a public sector consolidator by 2026, aimed at schemes that are unattractive to commercial providers.

48. We will launch a consultation to consider the design of and eligibility for such a consolidator this winter. We want any public consolidator to support employers with DB schemes while delivering the best possible outcome for members.

Conclusion to government response

49. A diverse range of stakeholders responded to the call for evidence, including scheme members, trustees, employers, pension schemes and many members of the advisory community. We are grateful to all respondents for the time and care invested in their responses. It is clear from the lack of consensus across the responses that there is scepticism across the industry with respect to surplus extraction and public sector consolidation, and that further work is required before workable proposals can be shared with key stakeholders.

50. We will introduce measures to make surplus extraction easier and establish a public sector consolidator by 2026. We will launch a public consultation this winter to consider the detail of these measures, including design, eligibility, safeguards, and the viability of a 100% PPF underpin.

51. It should also be noted that the call for evidence aimed to build an evidence base around introducing new options in the DB pension landscape, alongside other market interventions that are already underway in this space. The revised funding regulations will make clearer what prudent funding plans look like, make explicit that there is headroom for more productive investment, and require schemes to be clear about their long-term strategy to provide member benefits. The superfund framework announced by this government will provide an option for employers who want to sever the link with their scheme where the scheme is not funded to levels that enable it to buy-out with an insurer in the short term.

Annex A: List of respondents to the Call for Evidence

Individual respondent 1

Individual respondent 2

Individual respondent 3

Individual respondent 4

Individual respondent 5

Individual respondent 6

Individual respondent 7

Individual respondent 8

Individual respondent 9

Individual respondent 10

Individual respondent 11

Individual respondent 12

Individual respondent 13

Individual respondent 14

Public body 1

Advisory firm 1

Advisory firm 2

Advisory firm 3

The 100 Group

abrdn

AgeWage

Aon

ARC Benefits

Association of British Insurers

Association of Consulting Actuaries

Association of Investment Companies

Association of Member-Nominated Trustees

Association of Pension Lawyers

Association of Professional Pension Trustees

Association of Real Estate Funds

Atkin Pensions

Aviva

Barnett Waddingham

BlackRock

Brightwell

British Private Equity and Venture Capital Association

Broadstone

Buck

Capital Cranfield

Edmund Cannon, Zaici Li and Ian Tonks

Cardano

Iain Clacher and Con Keating

Co-operative Group

CMS Cameron McKenna Nabarro Olswang

C-Suite Pension Strategies

EDHEC Infrastructure & Private Assets Research Institute

Employer Covenant Practitioners Association

EY

Financial Consumer Panel

First Actuarial

Greycross Partners

Hymans Robertson

IFM Investors

Independent Governance Group

Insight Investment

Institute and Faculty of Actuaries

Institute of Chartered Accountants in England and Wales

Invesco

The Investment Association

Isio

John Ralfe Consulting

Just Group

Lane Clark & Peacock

Legal & General

Mercer

Numis

Pension Insurance Corporation

Pension Protection Fund

Pensions Management Institute

Pensions Watch

Pinsent Masons

Pensions and Lifetime Savings Association

Punter Southall Pensions Solutions

Railways Pension Trustee Company

Redington

Rothesay

Sackers

Simmons & Simmons

Society of Pension Professionals

Squire Patton Boggs

Standard Chartered Bank

Startup Coalition

Tony Blair Institute for Global Change

Trades Union Congress

UNISON

Unite the Union

Universities Superannuation Scheme

University College Union

Van Lanschot Kempen Investment Management

Willis Towers Watson

XPS Pensions Group

ZEDRA Governance