

Governance

Having a robust governance structure and process for DC pension plans is now a prerequisite for employers and trustees alike.

Over the last few years, the Pensions Regulator has shown an increasing focus on how the interests of DC pension plan members are being looked after. This has involved a series of discussion papers and consultations with relevant parties to ensure effective regulation and oversight is in place, to ensure DC pension plans are delivering “good member outcomes”.

While there is no single definition of what constitutes a good member outcome, through its DC code and guidance, the Regulator has laid down 6 key principles which it believes are essential for pursuing this goal. Underpinning this are a further 31 quality features that the Regulator has set out as hallmarks of a good and effective DC pension plan.

In its reviews of the existing DC pension landscape, the Regulator has suggested that only approximately 30% of DC pension plans in 2013 met the standards set out in its 6 principles.

Automatic enrolment means that more and more employees are being placed in DC pension plans by their employer, rather than choosing to join. Accordingly, DC pension plans can expect to continue to attract the scrutiny of the Regulator in the years to come.

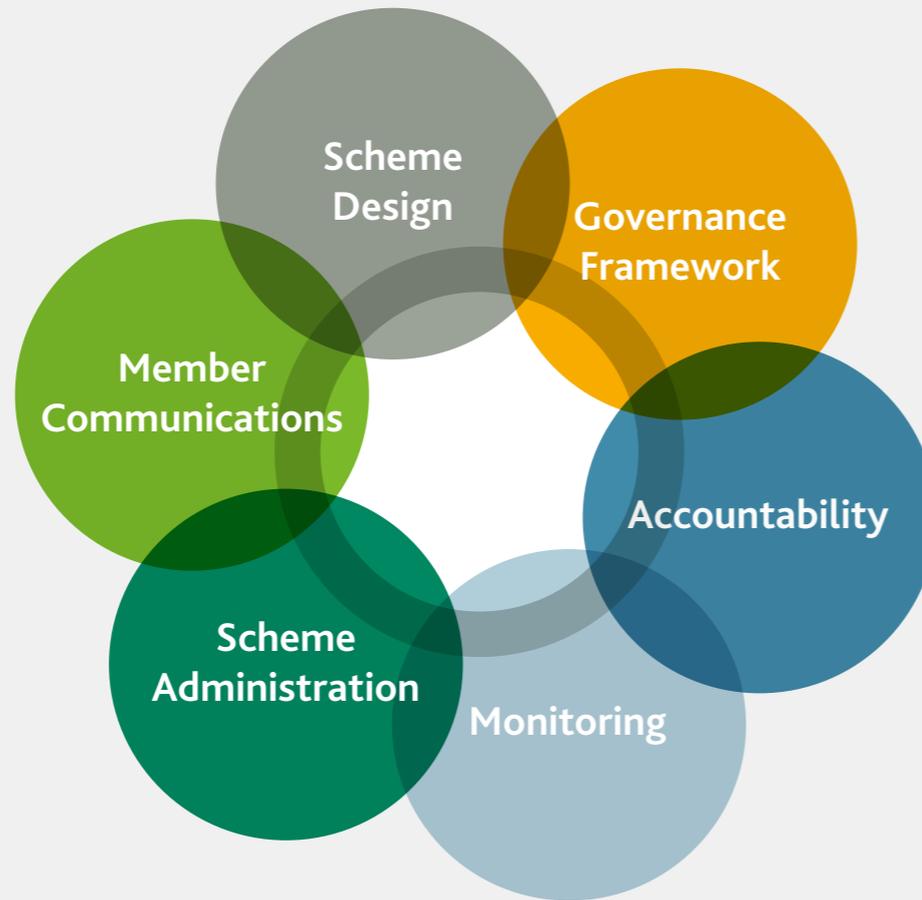
But beyond this duty of care, good governance does in any case, make sound business sense. As employers contribute significant sums into DC pension plans, ensuring these arrangements are valued by employees, contributing to corporate goals and support broader HR objectives should really be a core objective. Indeed, DC plans should really receive as much attention and consideration of the return achieved as any other business project or investment.

The Regulator has suggested that only 30% of DC pension plans in 2013 met the standards set out in its 6 principles

(Occupational pensions scheme governance survey 2013. The Pensions Regulator)



Key principles for good workplace DC



Meeting the benchmark

Our DC Governance Planner has been designed to provide you with a clear framework to support your DC strategy and oversight.

Drawing on the Regulator's 6 principles, we can assist you to implement and maintain appropriate levels of governance with a clear and measurable means of assessing:

- the relative competitiveness of your plan
- the relative effectiveness of your approach to governance and oversight
- areas where greater focus could produce optimal results
- areas of practice that fall short of the required standards

Our first step is to help you set out the key structures and the terms of reference for each element of your governance programme.

We will then breakdown the process into a range of core, recommended and best practice recommendations, from which a focused action and review plan can be implemented.

Our Governance support programme allows you to draw up a clear strategy, report clearly to your internal stakeholders and the Regulator if called upon to do and importantly, help you to help assist your plan members make the most of the opportunity and investment being made in them.

Good governance makes good sense. Working with our DC Governance Planner and specialist consultants, we can help you deliver a DC pension plan fit for anything the future may throw at it.

Delivering DC excellence: Better governance ensuring better member outcomes