IAA Pensions Seminar

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The role of the pensions regulator

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What does Opra do?

- started work April 1997
- investigates matters reported to it
- takes action needed to put things right
- maintains a register of all UK plans
- educates and informs
  (www.opra.gov.uk)
- works with others to raise standards
What Opera does not do

- does not supervise all duties
- Opera does not write the rules
- government responsible for law
Opra’s powers

- search premises, seize documents
- fine individuals up to £5,000
- remove trustees
- appoint trustees
- start Pensions Act prosecutions
- pass cases to Police
- share information with other regulators
Opra Board

- Chairman - 12 days a month
- 9 other members - 2 days a month
- Board members are from within the pensions industry, including three actuaries
Board decisions

- regulatory staff prepare papers
- statement of facts sent to those involved
- one or three person committee
- 28 days in which to request review
- review committee - different Board members
Opra: experience since April 1997

- more work than planned
- reporting of problems does work
- small employers and small plans struggle with requirements
- problem of plans terminating
Problem areas

- late payments
- late accounts/audits
- no advisers
- Minimum Funding (MFR)
Current issues and future work

- personal pensions
- stakeholder pensions
- terminating pension plans
- replacement of MFR
Opra: actuarial aspects

- key role of actuary to pension plans
- three Board members
- two actuaries on secondment from GAD
- additional support from GAD
- work with Opra lawyers/auditors
Key tasks of Opera actuaries

- reporting to Opera
- enquiries from individual actuaries
- evaluation of actuarial reports and advice
- investment-related issues
- failures to appoint actuaries
- education
- liaison with actuarial profession
Reporting to Opra - key issues

- exercise of professional judgement
- Opra guidance
- no duty to seek out breaches or report unfounded suspicions
- duty to report immediately
- protection for actuary
- professional difficulties after reporting
- Opra has no power to fine actuaries who do not report
Examples of actuarial issues

- actuary appointments - insured plans
- terminating: need for MFR valuations
- definition of ‘actuarial advice’
- application of MFR regulations
- extensions to MFR deficit correction period
- failures to report to Opra
- other professional matters
Opra’s international liaison

- Conference of Pensions Supervisory Authorities (D/IRE/NL/UK)
- EU pensions directive
- Groupe Consultatif
- OECD: International Network of Pensions Regulators and Supervisors
Main lessons from UK

- need for expert professionals (actuaries, auditors, investment experts etc)
- education for members, employers and trustees
- involve members in plan management
- difficulties if many small plans
- reliable computerised administration systems
opra
occupational pensions
regulatory authority