

opra

occupational pensions
regulatory authority

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 Opra does not do

- ❖ does not supervise all duties
- ❖ Opra 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 Opra actuaries

- ❖ reporting to Opra
- ❖ 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

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