

Defined benefit consultation document



Brendan Kennedy
Chief Executive, The Pensions Board



Agenda

1. The objectives of the consultation
2. The background to the options
3. Discretionary revaluation
4. The funding standard options
5. Next steps
6. Responding to the consultation



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“Other than the above, no other changes are planned that would affect the options open to trustees to deal with existing scheme deficits in respect of past service.”



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“The supervisory system should provide supervisors with the appropriate tools and powers to assess the overall financial position of an IORP based on an economic risk-based approach.”



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Discretionary revaluation

Revaluation can be lesser of

- Current minimum (lesser of CPI, 4%); or
- Average active member revaluation

Existing deferreds depends on scheme rules

Implemented irrespective of A, B, or C



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Legislative changes

Irrespective of funding standard

- Discretionary revaluation
- Good faith negotiation
- Wind-up where not sustainable
- Sovereign bonds



Option A

- Existing funding standard
- No risk reserves
- No change to 49(3) basis



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Option B

- Existing funding standard
- Risk reserves
- Tougher shorter recovery periods



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Option C

- AAA-based funding standard
- Risk reserves
- Short recovery periods



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Next steps

- Consultation process
- Memo to government
- Decision
- Funding standard deadlines



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Questions & Answers