

The Pensions Regulator (UK)

www.thepensionsregulator.gov.uk

Excerpts from their website

Our Objectives

The Pensions Regulator is the UK regulator of work-based pension schemes.

The Pensions Act 2004 gives the Pensions Regulator a set of specific objectives:

- to protect the benefits of members of work-based pension schemes;
- to promote good administration of work-based pension schemes; and
- to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund.

In order to meet these objectives, we concentrate our resources on schemes where we identify the greatest risk to the security of members' benefits.

We will also promote high standards of scheme administration, and work to ensure that those involved in running pension schemes have the necessary skills and knowledge.

The Pensions Act 2008 introduces another objective for the Pensions Regulator - our [pensions reform](#) section tells you more.

What is a 'work-based' pension scheme?

A work-based pension scheme is any scheme that an employer makes available to employees. This includes all occupational schemes, and any stakeholder and personal pension schemes where employees have direct payment arrangements.

Assessing Risks

The Pensions Regulator's core activity is identifying and reducing risks in occupational pension schemes.

Our power to [collect data](#) about schemes gives us the information we need both to assess the level of risk in individual schemes and to identify trends in the industry as a whole.

What is a risk?

Any situation that may significantly reduce or prevent payment of the benefits due to members will be considered a risk, for example:

- inadequate funding;
- incomplete or inaccurate record-keeping;
- lack of knowledge or understanding on the part of trustees about their role and duties; or
- possible dishonesty or fraud.

Establishing a risk profile

When assessing a scheme's level of risk, we will consider two factors:

- How *likely* is it that an event will occur that will affect the security of members' benefits?
- What would be the *impact* of the event, given the nature, size and status of the scheme and the employer?

Our relationship with a scheme depends largely on the risk profile identified. We closely monitor schemes found to have a high level of risk, while schemes at lower risk will attract less regulatory intervention. Where the potential impact of a risk is very high - for example, because the scheme has a very large membership - we maintain a close relationship with trustees.

We review risk profiles - and the corresponding level of regulatory intervention - as and when we receive new information about schemes.

The Pensions Regulator and the FSA

Note: The Pensions Regulator is not part of the Financial Services Authority (FSA).

In contrast to the Pensions Regulator's objectives (see above), the FSA's objectives are:

- To maintain confidence in the financial system
- To promote public understanding of the financial system
- To secure the appropriate degree of protection for consumers
- To reduce financial crime.