

Pensions Workshop:

DC plans in the UK and the Netherlands: exchanging experiences

– Programme [v4] –

Date: Monday, 9 April 2018

Location: Cass Business School, City, University of London, 106 Bunhill Row, London EC1Y 8TZ

Registration is free here: <https://forms.city.ac.uk/forms/73669>

DC plans are on the rise. Over the last 20 years, there has been a major shift from DB to DC in the UK. However, there are major challenges with the DC model as implemented in the UK. Contribution rates are much lower than in the DB schemes they replaced, and all the risks (relating to investments, interest rates, inflation and longevity) are borne by the individual scheme member. The ‘freedom and choice’ reforms introduced in 2015, allowing members of both DC and DB plans to take lump sums at the start of retirement rather than pension, while widely welcomed at the time, could well lead to poverty in later retirement for those who spend this lump sum too quickly.

The shift towards DC in the Netherlands has however been much more gradual. DC plans started some decades ago but less than 15% of employees participate in a DC plan. The Dutch took an intermediate step in the shift from DB to DC by introducing Collective Defined Contribution plans which basically target a DB pension but with an accrual rate that depends on a fixed premium level, implying that benefits have to be reduced if the pension fund underperforms. However, from 2020, the Dutch are considering shifting over to DC plans completely. But before that happens a lot of questions still have to be answered.

So what can the UK and the Netherlands learn from each other? Which mistakes can be prevented and which successes can be copied? How did the UK regulate the freedoms of choice that came with DC plans in order to protect the consumer? And how does the DC plan in the Netherlands work where the assets do not have to be annuitized at retirement age but can stay invested? These are the issues that will be discussed at the pensions workshop.

09.00AM	Registration
09.30AM	David Blake (Cass/Pensions Institute) – Welcome; pension reforms in the UK; the way ahead – DC or CDC or CIDC
10.15AM	Bastiaan Starink (Tilburg University/Netspar) – DC plans and pension reforms in the Netherlands
11.00AM	Tea / coffee
11.30AM	Jenny Hall (Royal Mail) and Derek Benstead (First Actuarial) – Royal Mail’s journey to CDC

12.15PM	Ed Westerhout (Netherlands Bureau for Economic Policy Analysis / Netspar) – Intergenerational fairness in Dutch DC plans
1.00PM	Lunch
1.45PM	Robin Ellison (Pinsent Mason) and Julian Barker (Department for Work and Pensions) – Regulatory issues (including effective communication to help prevent people making sub-optimal choices at different stages)
2.30PM	Kevin Wesbroom (Aon) The truth – and myths! – about CDC. What can CDC offer - risk sharing, risk pooling, smoothing and decumulation solutions
3.15PM	Tea / coffee
3.45PM	Stefan Lundbergh (Cardano) – How to design a universal good DC plan: Evidence from Sweden, Netherlands, Chile and Australia
4.30PM	Panel discussion (chaired by Stefan Lundbergh) – What can we learn from each other with Maiyuresh Rajah (State Street Global Advisors, UK), David Pitt-Watson (London Business School, UK), Alwin Oerlemans (APG, NL), Michael Visser (Tilburg University, NL), Paul Brunger (PwC, UK) and Anouk Bollen-Vandenboorn (Maastricht University, NL)
5.30PM	Closing remarks
5.30PM	Drinks