Dear Frank,

I am writing to let you know that today my Department will be publishing a consultation paper ‘Delivering Collective Defined Contribution Schemes’. This document sets out the Government’s vision for Collective Defined Contribution occupational pension schemes (CDC schemes), and seek stakeholder views on our approach. The paper discusses our broad proposals as to how a particular form of CDC scheme might work in the UK, and the legislative and regulatory regime that would be needed to support any such scheme. We are not consulting on draft legislation, but are seeking views on our proposed approach. Legislation will follow as soon as Parliamentary time allows.

Your recent report on CDC schemes welcomed them as having the potential to ‘transform the UK private pensions landscape’. I was delighted by your enthusiasm for the concept and pleased to see the support you have given to Paul Masterton’s ten minute rule bill. I am very grateful for the help and support it has given me in building consensus on this issue.

The consultation paper I will be publishing has more limited aims than your report, but should be of immediate benefit to a number of UK employers and workers, setting out a new way for them, together, to provide improved outcomes in retirement.

As the consultation paper makes clear, my proposals are focussed on but not limited to the scheme Royal Mail plan to provide for their workers. I have been delighted by the level of cross-party support for CDC as a concept, and especially for the proposed Royal Mail scheme.
My Department’s work has benefited enormously from the work Royal Mail and CWU have done in this area.

Saving for retirement is an extremely important part of people’s financial planning, representing their hopes for the future. Throughout the last decade, the Government has therefore worked closely with the pensions, financial services and consumer community to strengthen the UK’s pension savings culture. Together we have transformed the pensions landscape, delivering social change on an unprecedented scale. The establishment of CDC pension schemes is another key part of this work. CDC schemes are not a panacea – but I believe that, given the right safeguards, they can deliver real advantages for employers and pension savers in the UK.

I look forward to your continued interested in this area.

With best wishes,

Guy Opperman MP
Minister for Pensions and Financial Inclusion