

Update Note 3 - Raising the Standard for Pension Professionals

With the increased complexity underpinning Final Salary and Defined Contribution pension arrangements operated in the UK, the Pensions Management Institute have developed a new qualification. This qualification is called the Pension Plan Executive Certificate ("PPEC").

Background

The Pensions Management Institute has been assessing their role in relation to increasing the standards of pension practitioners. The background to creating the new PPEC initiative is fourfold:

1. To define better, the vital roles of those involved in Pension Plan governance at the highest levels.
2. To create a new development standard to demonstrate which professionals have acquired the necessary breadth of skills and are keeping those skills up to date.
3. To set demanding and ongoing development standards, focusing on areas where the industry needs broader knowledge or greater expertise.
4. In the long run, to codify and supervise the operation of those involved in pension plan governance in the UK.

Why introduce now?

Many UK employers now have complicated Occupational Pension Plan structures where historical changes have been made to the benefits provided for certain groups of employees. The level of knowledge and experience required to provide guidance to Trustee groups and Companies in running these arrangements is crucial to their successful operation.

For many years, certain predefined roles such as Scheme Actuary or Scheme Auditor with clearly defined responsibilities and disclosure obligations to the Pension Regulator have existed. However, in a large number of cases where pension schemes run into difficulties this has happened despite these individuals being involved. The problems have stemmed from the fact that there has not been one knowledgeable person acting as co-ordinator and assessing all of the developments involving the Pension Scheme.

For larger companies there is nearly always a Pension Manager who fulfils this coordination role, but for small to medium employers the scheme size and budgets available do not allow for full time employment of such a person.

PPM's view

The recognition of the role of a Pension Manager is one which PPM wholeheartedly endorse. PPEC was launched formally on 1 March 2005, with the first opportunity for pension professionals to register for the PPEC qualification from 1 April 2005.

We are pleased to confirm that Dai Smith and Mike Sarjeant have applied for and been granted the PPEC qualification. We understand that very few pension professionals have applied and been granted this certificate so the number of PPEC holders in the UK is currently low.

Future Impact

The Pensions Management Institute aim is for there to be a PPEC qualified person involved with every pension plan within the next 5 years. PPM therefore is well placed to operate in this more professional pensions world which is foreseen.

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