

PRESS RELEASE FROM

**THE
TRANSPARENCY
TASK FORCE**

**CLARION CALL FROM THE TRANSPARENCY TASK FORCE TO ENLIST
CO-SIGNATORIES TO A LETTER TO THE WORK & PENSIONS COMMITTEE THAT
REQUESTS AN INQUIRY INTO THE COSTS IMPACTING SAVERS.**

Following the success of the Transparency Strategy Summit held at the House of Commons, where the idea of an open letter to Frank Field, Chairman of the Work & Pensions Select Committee was first discussed, Andy Agathangelou, Founding Chair of the Transparency Task Force is seeking co-signatories to the letter that has now been agreed and finalised.

Agathangelou explains:

“Many of us in the pensions and investment world have been impressed by the activities of the Work & Pensions Committee, particularly this year and particularly in relation to the BHS situation. They operate in a tenacious, non-partisan consumer-centric and forensic way; and that is exactly the kind of approach needed to look into the issue of costs and charges impacting savers, particularly pensions savers.

If the market is ever to regain the trust and confidence of the consumer, we must provide offerings that represent good value for money; and that means the opacity and obfuscation around costs, explicit and implicit, has to be dealt with, for once and for all.

It is accepted that we must demonstrate there is widespread support for an inquiry and that is why we need all pro-consumer market participants to step forward please so they can be included as co-signatories to the letter.

Once it has been sent it will of course be the Committee’s decision as to whether they do or don’t open an inquiry, so we wanted the letter to be as compelling as we could make it – we might only get one shot at this. So it covers a range of points including social justice issues and market efficiency issues. For me, the point it makes about the need to improve consumer outcomes is key to the whole thing. People need to understand the corrosive impact of costs. For example, if costs are 2% p.a. and gross market returns 5% p.a., a 20-

year-old saving £100 per month until 65 will lose 42.55 % of his/her pension fund to costs. Whilst hoping that many arrangements will cost less it's possible some might be costing even more. Of course, 'cheapest doesn't always mean best' but we really must get the market working much more efficiently and much more transparently than it does now.

The Financial Conduct Authority, The Department for Work & Pensions and The Pensions Regulator are doing some great work on these issues and in our view the best body to openly and publicly support their efforts and 'bring it all together' is the Work & Pensions Committee.

So we hereby invite everybody that wants to put their name to the letter to email andy.agathangelou@transparencytaskforce.org providing their name, job title, organisation and website and we'll include them in this important, pro-consumer endeavor.

Fingers crossed!

The letter follows, with a few co-signatories included at the end."

Dear Chair of the Work & Pensions Committee,

We are writing to you as a cluster of independent individuals and organisations, motivated and united by the desire to help protect the interests of the UK's saving public, through the better provision of transparent, consistent and straightforward disclosure of all the costs and charges they pay.

It is vital that we have transparent, consistent and straightforward costs disclosure because opacity and obfuscation on pension and investment costs leads to:

#1. Decision-makers, including consumers, being unable to exercise 'informed choice' properly: They find the market opaque, complex and confusing: It is difficult to identify value for money.

#2. The risk of future litigation: Consumers may argue they are not being treated fairly. Such action would severely damage confidence in the sector.

#3. Impotent market forces: The 'invisible hand' seems unable to work its 'magic' to create a healthy, competitive and efficient market in this sector.

#4. Poor consumer outcomes: If costs are 2% p.a. and gross market returns 5% p.a., a 20-year-old saving £100 per month until 65 will lose 42.55 % of his/her pension

fund to costs.

#5. A marketplace where progressive, innovative and highly cost-effective offerings that do represent good value for money inexplicably struggle to get the market share they should.

#6. The risk that the success of the Government's pensions policy is jeopardized: Those automatically enrolled might opt out if they are disappointed by their net of costs returns.

#7. The risk that should the 'high costs/low returns' reality continue to prevail, belief in the wisdom of deferred gratification and confidence in long term savings will be undermined.

#8. Investment Governance Committees and Trustee Boards struggling with their duty to manage scheme's costs properly: 'You can't measure, monitor or manage what you can't see.'

#9. Bad publicity: The public's confidence in pensions seems to be falling sharply and we want to stop it falling 'below the point of no return': This is a serious and systemic risk.

#10. The UK's savings market, including pensions, not being seen to be well-governed, transparent and trustworthy: That's a particularly important point in our post-Brexit world.

Furthermore, we believe that savers should not only know what their savings cost, they should also know where and how their money is invested. Greater transparency in equity holdings and the stewardship around those holdings is needed. On the basis that it is hard even for MPs to establish where and how their own Parliamentary Contribution Pension Fund is being invested, it follows that the public as a whole may be similarly challenged.

In general terms, we believe that:

- This is an important and widespread public interest issue; it has parallels with the known shortcomings that are affecting the energy sector's opaque and complex regime of tariffs.*
- Greater transparency on costs and equity holdings will help create the better-*

served, better-engaged and better-performing savings market we all want.

- *There is merit in doing all we collectively can to help sustain the success of the Government's automatic enrolment pensions policy.*
- *The issues raised in this letter affect DB and DC pension schemes so cannot be dealt with properly under the scope of your existing DB pensions inquiry.*
- *In a post-Brexit world, we shouldn't under-estimate the value to our economy of the potential for the UK becoming the world-leader in pensions and investing transparency.*
- *Your Committee is uniquely placed to lead an open enquiry that we are confident would be run in a constructive, inclusive and non-partisan way, for the long-term benefit of all.*
- *There is excellent regulatory activity underway by DWP, FCA and TPR; your enquiry would support that work by 'pulling it all together', creating an even more cohesive approach.*

To conclude: For reasons of social justice, market efficiency, good governance, national reputation and to help protect the ongoing success of the Government's pensions policy, we would like your Committee to open an inquiry into the matters set out in this open letter.

We look forward to hearing from you.

For administrative purposes please reply to andy.agathangelou@transparencytaskforce.org

Yours sincerely,

All those listed below, who are equal co-signatories in this endeavor.

First Name	Last Name	Position	Organisation	Website
<i>David</i>	<i>Rich</i>	<i>CEO</i>	<i>Accurate Data Services Ltd</i>	<u>www.accuratedata.co.uk</u>

<i>Phil</i>	<i>Ninness</i>	<i>Business Development Manager</i>	<i>Accurate Data Services Ltd</i>	www.accuratedata.co.uk
<i>Bob</i>	<i>Scott</i>	<i>Chairman</i>	<i>Association of Consulting Actuaries</i>	www.aca.org.uk
<i>Sunil</i>	<i>Chadda</i>	<i>Managing Director</i>	<i>Cairn Consulting Ltd</i>	<i>N/A</i>
<i>Terence</i>	<i>Prideaux</i>	<i>Managing Director</i>	<i>Morley Hall Ltd</i>	<i>N/A</i>
<i>Barry</i>	<i>Mack</i>	<i>Client Director</i>	<i>Muse Advisory</i>	www.museadvisory.com
<i>Henry</i>	<i>Tapper</i>	<i>Founder</i>	<i>Pension PlayPen</i>	www.pensionplaypen.com
<i>Philip</i>	<i>Miller</i>	<i>Founder</i>	<i>Pensions Focus</i>	www.pensionfocus.net
<i>Malcolm</i>	<i>Small</i>	<i>Executive Chairman</i>	<i>Retirement Income Alliance Ltd</i>	www.riaonline.co.uk
<i>Sarah</i>	<i>Hutchinson</i>	<i>Consultant</i>	<i>S J Hutchinson Ltd</i>	<i>N/A</i>
<i>Gerry</i>	<i>Wright</i>	<i>Partner</i>	<i>Smith & Williamson Investment Management</i>	www.smithandwilliamson.co.uk
<i>Andy</i>	<i>Agathangelou</i>	<i>Founding Chair</i>	<i>Transparency Task Force</i>	www.transparencytaskforce.org
<i>Noel</i>	<i>Whiteside</i>	<i>Professor of Comparative Public Policy</i>	<i>University of Warwick</i>	www2.warwick.ac.uk
<i>Paul</i>	<i>Hewitt</i>	<i>Senior Business Development Manager</i>	<i>Vigeo Eiris</i>	www.eiris.org

ENDS.

Notes to Editors:

About the Transparency Task Force

The Transparency Task Force is a campaigning community dedicated to driving up the levels of transparency in financial services, right around the world. We believe that higher levels of transparency are a prerequisite for fairer, safer and more efficient markets delivering better value for money and better outcomes to the consumer.

Furthermore, because of the correlation between transparency and trustworthiness, we expect that our work will help to repair the self-inflicted reputational damage that the financial services sector has suffered for many years. Opacity is a festering sore on the face of financial services. It needs to be treated.

Our approach is collaborative, cooperative and consensus-based. We are striving for a win/win/win, whereby the consumer, market participants and the efficacy of government policy all benefit as a direct result of the work that we do.

Our initial focus of attention is the workplace pensions market as it offers the opportunity to positively impact the welfare of millions of people in old age. We are calling for the pensions and investment industries to place much greater emphasis on transparency and value for money moving forward, in line with the direction being given by governments and regulators around the world. This will be welcomed by all right-minded market participants, pro-consumer professional associations and trade bodies.

About Andy Agathangelou



Andy is:

- Founding Chair of the Transparency Task Force www.transparencytaskforce.org which is campaigning for greater levels of transparency in financial services, right around the world

- Chair, Pensions BIB, the collaborative group that created the free and open data standard for auto enrolment www.papdis.org to help drive up efficiency and data security in the payroll and pensions markets
- Governor, the Pensions Policy Institute www.pensionspolicyinstitute.org.uk
- Member, Advisory Board to the Investment Association's work on Cost Disclosure
- Former Founding Chair, Friends of the Association of Member Nominated Trustees www.amnt.org which represents lay trustees involved with the effective stewardship and governance of occupational pension schemes. Successes include the Red Lines Voting initiative
- Former Founding Chair, CIPP's Friends of Automatic Enrolment www.friendsofae.org which has brought together market participants involved in implementing the Government's AE policy.

He has worked at a senior level in the pensions and investments sector since 1986 and has developed a reputation for bringing together influential and collaboratively-minded people to help overcome market challenges.