

REGULATOR'S CONSULTATION ON NEW FUNDING CODE SIGNALS THAT THE END IS NIGH FOR DB SCHEMES

03 March 2020 | London
Firm news

Responding to news that the Pensions Regulator has launched the first stage of its [consultation](#) on its new DB funding Code, Samantha Brown, head of pensions at Herbert Smith Freehills, says that “the long-awaited consultation signals the Regulator's intention to proactively manage and accelerate the end game for DB schemes”.

In the consultation, the Regulator signals that, in general, it wants DB schemes to have low dependency on sponsor and reach their long-term funding target within fifteen to twenty years. The funding demands on sponsors will ratchet up over time to ensure that schemes achieve this.

Against this backdrop Samantha Brown says: *"Whilst some flexibility is retained, in most instances, it is likely to only be the largest schemes with the strongest sponsors and schemes with very weak sponsors that will seek to take advantage of this. Most schemes will be funnelled into the new fast track funding approach under which the scheme's long-term target, technical provisions and recovery plan length will all be prescribed by the Regulator.*

"The end result will be that sponsors will be required to put more money into their schemes more quickly with a much greater focus on trustees and sponsors agreeing the end game for their scheme - be it buy-out, consolidation or self-sufficiency. This clearly reflects the Regulator's intention to ensure a dignified end for DB schemes."

The consultation closes on 2 June 2020 and it will be followed by a second stage, which will focus on the content of the new Code itself, during the second half of 2020.

MEDIA CONTACT

For further information on this news article, please contact:

**MIKE PETROOK, COMMUNICATIONS
MANAGER**

LONDON

Tel: +44 20 7466 3939

Email: mike.petrook@hsf.com