

**Comments Template on
Consultation Paper on Further Work on Solvency of IORPs**

**Deadline
13 January 2015
23:59 CET**

Name of Company:	The 100 Group of Finance Directors	
Disclosure of comments:	Please indicate if your comments should be treated as confidential:	Public
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment/response in the relevant row. If you have <u>no response</u> to a question, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments/responses which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-14-040@eiopa.europa.eu . Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to Consultation Paper on Further Work on Solvency of IORPs.</p>		
Reference	Comment	
General Comment	<p><u>About The 100 Group of Finance Directors</u></p> <p>The 100 Group represents the views of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent around 90% of the market capitalisation of the FTSE 100, collectively employing over 7% of the UK workforce and in 2013 paid, or generated, taxes equivalent to 14% of total UK Government receipts. Our overall aim is to promote the competitiveness of the UK for UK businesses, particularly in the areas of tax, reporting, pensions, regulation, capital markets and corporate governance.</p> <p><u>This consultation is not the right priority for EIOPA</u></p>	

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Given that the EU Commission indicated in May 2013 that it did not intend to proceed with Pillar I funding requirements as part of the current review of the IORP directive, we are very disappointed that EIOPA is nevertheless continuing with work on the holistic balance sheet on its 'own initiative' without the EC's mandate.

We do not believe that this is the right priority for EIOPA to be pursuing. EIOPA's focus should be on ensuring that citizens across the EU have access to adequate and sustainable pensions, not on devising a methodology that could impose substantial cost burdens on one particular type of pension scheme found in only some member states (namely defined benefit IORPs). We therefore believe that EIOPA should drop its work on the holistic balance sheet altogether.

Given the increasing trend towards defined contribution pension provision, a much better focus would be on developing a framework for strong principles-based defined contribution governance standards across the EU. The UK has already been involved in developing its own governance regime, which could contribute to the development of best practice guidance across Europe.

Solvency funding would be damaging for pensions, sponsors and the economy

The 100 Group remains opposed to the idea of applying a regime based on Solvency II to IORPs (and to the use of the holistic balance sheet as a mechanism for applying such a regime). We believe that this will be damaging to the provision of pensions to employees, leading to the closure of defined benefits IORPs to future accrual and the provision of lower quality pensions in future. It would also discourage other countries from establishing defined benefit provision. We believe that this cuts directly against the EC's goal of ensuring adequate pension provision across the EU.

The application of a solvency regime to pensions would also have very damaging consequences for employers sponsoring pension schemes, who could see increased funding deficits and higher contribution demands, which would leave them with lower

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assets to invest in growth and jobs. Furthermore, if European companies are compelled to divert a substantial amount of their capital into funding their pension schemes on a solvency basis, it is likely to mean that they will be unable to compete effectively with non-European companies.

As well as the effect on individual sponsors, the introduction of a solvency regime could also have substantial impacts on the economy as a whole with pension schemes likely to reduce their holdings in equities in favour of debt investment. This and could lead to significant market distortions and runs counter to the EU's current focus on encouraging long-term market investment.

EIOPA should be aware that the impact of implementing its holistic balance sheet could go far beyond individual pension schemes. A full impact assessment would be needed before any steps could be taken on any of the options in the consultation paper to identify possible impacts on pension schemes and sponsoring employers, and also on wider long-term investment trends.

Sponsor support cannot be valued as a single figure

One of the aims of the consultation is to arrive at a methodology to put a single number on the support provided to an IORP by an employer. We believe this to be an essentially misguided aim.

The support provided by an employer to a scheme varies depending on the individual scheme, the individual employer or employers, and on the situation of both the scheme and the employer(s). For example, the support provided in the event that the scheme is to be wound up is different from that being provided where the scheme is being run on an ongoing basis with contributions continuing to come in.

In the UK, the assessment of sponsor support forms a key part of funding negotiations. Trustees will have access to information of various kinds to enable them to assess that support, ranging from quantitative metrics to more qualitative assessments of the employer's future business prospects and commitment to the

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pension scheme. Any attempt to reduce this complex array of information to a single number is bound to produce results that are spurious and misleading.

Such a single figure would ignore, for example, subtleties such as negative pledges and dividend policies, which may well provide significant protection that funding will be available to a pension scheme in the long term without being captured at all by the single figure approach. Covenant assessment requires the exercise of expert judgement in specific circumstances, rather than blind reliance on a model to produce a single number.

Further, the existence of a single figure for the commitment of an employer to their pension scheme would inevitably feed into the rating agencies' assessments of a company's strength. Whilst we accept that it is right that an employer's commitment to their pension scheme should form part of an assessment of a corporate's financial position, we believe that there is a risk that the number calculated under the holistic balance sheet may be misleading and lead to inappropriate reassessments of a company's financial strength, for example leading to a higher cost of capital. Alternatively, the single figure approach could lead to an undervaluing of the real risk that a pension scheme presents to the continued existence of its sponsoring employer.

In our view, an approach under which sponsor support is assessed in qualitative terms will be both more useful from the point of view of the trustees of the pension scheme, but also from the perspective of rating agencies assessing the strength of the company.

The valuation of sponsor support will be expensive

As noted above, trustees of IORPs already carry out often extensive work to assess the sponsor covenant. They are likely to continue to need to do so, even if a single figure approach is introduced by EIOPA (given that the single figure approach will not be able to replace the sophisticated assessments that currently take place).

If some of the proposals in this consultation were adopted, IORPs would therefore face

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the additional expense of having to carry out a separate single figure valuation of the sponsor support to plug into the holistic balance sheet. Such calculations would be time-consuming and use resources that could be better applied in improving the funding position of the IORP rather than in paying the costs of advisers.

The consultation contains some welcome options

We believe that the holistic balance sheet would be unnecessary, expensive and probably damaging both to pension schemes and to the sponsors who provide them. We recognise, however, that EIOPA has gone some way to addressing these serious concerns by considering allowing a principles-based assessment of sponsor support and/or for sponsor support to be included in the holistic balance sheet simply as a balancing item, by proposing an option of allowing the holistic balance sheet to be used purely as a risk management tool, and by introducing the possibility of a transitional regime in the event of a holistic balance sheet being introduced.

In the event that EIOPA continues with its plans for a holistic balance sheet, we would urge EIOPA to develop these ideas further to make sure that the holistic balance sheet, if introduced, would not bring in deleterious consequences for pension schemes and the employers who sponsor them.

The case for the holistic balance sheet has not been made

However, we think that neither the European Commission nor EIOPA has still not made the case, either practically or intellectually, as to why the holistic balance sheet needs to be introduced. What are the fundamental concerns that the holistic balance sheet would be addressing? What would the consequences be of retaining the status quo?

The UK pensions regime has been resilient during tough economic conditions

In the UK, for example, the combination of a strong regulator, a practical funding regime that recognises the need of both pension schemes and their sponsoring

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employers, good trustee governance and the ultimate protection of the Pension Protection Fund had provided a durable and resilient framework even in the most extreme economic conditions. The holistic balance sheet could actually undermine and even conflict with strong existing requirements at member state level.

EIOPA should therefore consider the benefits of dispensing with the holistic balance sheet altogether. It is inappropriate that retaining the status quo is not even considered as one of the six examples in the last section of the consultation paper.

Our response

We have commented on a few of the specific questions asked by the consultation, but have not focused on the technical detail. Our silence on a particular question should not be taken as assent, nor should the fact of us responding to this consultation at all be taken as us agreeing to the concept of the holistic balance sheet or to the placing of a single value on sponsor support.

Q1

Q1: Do stakeholders think that the word "contract" is an adequate description of the characteristics of the set of rules and arrangements governing the provision of benefits to members and beneficiaries by an IORP?

The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.

'Contract' is not an appropriate term to describe the arrangements under which pensions are provided by employers to their former employees (and reflects the fact that the terminology for the holistic balance sheet has been adopted from an insurance context in which policyholders are in a contractual relationship with the insurance company). It should be replaced with a term that recognises that pension

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	schemes are not, in general, contracts.	
Q2		
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Q5	<p>Q5: Do stakeholders think that unilateral rights (or obligations) of an IORP to terminate the contract/agreement/promise or reject additional contributions to the contract/agreement/promise or modify the promise in a way that contributions fully reflect the risk should be the basis for a definition of contract boundaries for IORPs? Are there cases where such rights (or obligations) should be the basis for a definition of contract boundaries for IORPs even though they are not unilateral rights (or obligations) of the IORP, but can be exercised unilaterally or jointly by other parties (possibly together with the IORP)?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>This does not capture the situation in the UK where the power to terminate an IORP may also reside with the sponsoring employer (either solely or by agreement with the trustees of the IORP). Such arrangements should also be included in the definition.</p> <p>It should be noted, however, that under UK legislation (section 67 of the Pensions Act 1995), it is not generally possible to modify benefits that have already accrued.</p>	
Q6		

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	<p>Q36: Do stakeholders agree that at the EU level, there should only be a principle based approach to valuing sponsor support with the specifics being left to member states/supervisors and/or IORPs?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>Yes, we agree with a principles-based approach to the assessment of sponsor support. The recognition that 'it may not be possible to devise a one-size-fits-all methodology to the valuation of sponsor support' is a crucial and welcome development in EIOPA's thinking on the holistic balance sheet. In our view, it should be for individual IORPs to make an assessment of sponsor support, using either qualitative or quantitative methods as appropriate to their circumstances, with national supervisors maintaining scrutiny (and the possibility of intervention) where needed.</p>	
Q36		
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Q39	<p>Q39: What is the general view of stakeholders with regard to sponsor support as a balancing item?</p>	

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The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.

As we set out in our General Comments, we do not believe that it is appropriate to set a single value for sponsor support. Whilst we do not agree that there is any need to introduce the holistic balance sheet, if it were to be introduced, then allowing for the sponsor support to be introduced simply as balancing item would be a sensible simplification.

The approach proposed by EIOPA would require IORPs to meet some arbitrary hurdles before they could use the 'balancing item' approach. We believe, however, that it would be more useful for the 'balancing item' approach to be the default approach and it to be for individual IORPs (under the scrutiny of their national supervisors) to take the decision as to whether any more complex valuation is required.

Q40: Which conditions should apply for sponsor support to be treated as a balancing item?

The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.

We believe that it would be more useful for the 'balancing item' approach to be the default approach and it to be for individual IORPs (under the scrutiny of their national supervisors) to take the decision as to whether any more complex valuation is required.

Q40

Q41

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Q42		
Q43	<p>Q43: Do stakeholders think a pension protection scheme could in principle be considered as impacting on sponsor support to allow it to be a balancing item if it is considered financially strong and based on a sufficiently permanent and certain legal arrangement?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>We do not agree with the concept of the holistic balance sheet in the first place. If, however, a holistic balance sheet is introduced, we believe that this should recognise all sources of support, including pension protection schemes. However, we believe this is an assessment to be made at an IORP-specific level, with the IORP including sponsor support and where necessary pension protection schemes as potentially balancing items.</p>	
Q44		
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Q46	<p>Q46: Do stakeholders agree that technical specifications should allow for a principles-based, IORP specific valuation of sponsor support? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>Yes. However, we would go beyond this: we think that any holistic balance sheet should also allow for a principles-based, IORP-specific qualitative assessment of</p>	

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	<p>sponsor support.</p> <p>In the UK, the assessment of sponsor support forms a key part of funding negotiations. Trustees will have access to information of various kinds to enable them to assess that support, ranging from quantitative metrics to more qualitative assessments of the employer’s future business prospects and commitment to the pension scheme. Any attempt to reduce this complex array of information to a single number is bound to produce results that are spurious and misleading.</p>	
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Q63	Q63: Are there any other suggestions on how to deal with single sponsors with multiple IORPs?	

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	<p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>EIOPA's proposed approach on sponsors with multiple IORPs is an attempt at a very simplistic solution to what may be a very complex and sponsor-specific situation. We would suggest that the decision of an appropriate approach is left to individual IORPs (under the scrutiny of national supervisors), who will be able to determine an approach that provides a reasonable assessment of the support being provided to individual pension schemes.</p>	
Q64		
Q65	<p>Q65: Are there any other suggestions on how to deal with multiple employer IORPs?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>EIOPA's proposed approach on multiple-employer IORPs is an attempt at a very simplistic solution to what may be a very complex and scheme-specific situation. We would suggest that the decision of an appropriate approach is left to individual IORPs (under the scrutiny of national supervisors), who will be able to determine an approach that provides a reasonable assessment of the support being provided to individual pension schemes.</p>	
Q66		
Q67		

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Q68		
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Q72	<p>Q72: If it was decided to establish EU capital/funding requirements as part of pillar 1, would there in the stakeholders' view be a role for the holistic balance sheet? Please explain why and, if yes, what that role should be.</p> <p>The 100 Group remains opposed to the idea of applying a regime based on Solvency II to IORPs (and to the use of the holistic balance sheet as a mechanism for applying such a regime). We believe that this will be damaging to the provision of pensions to employees, leading to the closure of defined benefits IORPs to future accrual and the provision of lower quality pensions in future. It would also discourage other countries from establishing defined benefit provision. We believe that this cuts directly against the EC's goal of ensuring adequate pension provision across the EU.</p> <p>The application of a solvency regime to pensions would also have very damaging consequences for employers sponsoring pension schemes, who could see increased funding deficits and higher contribution demands, which would leave them with lower assets to invest in growth and jobs. Furthermore, if European companies are compelled to divert a substantial amount of their capital into funding their pension schemes on a solvency basis, it is likely to mean that they will be unable to compete effectively with non-European companies.</p> <p>As well as the effect on individual sponsors, the introduction of a solvency regime could also have substantial impacts on the economy as a whole with pension schemes likely to reduce their holdings in equities in favour of debt investment. This runs counter to the EU's current focus on encouraging long-term market investment. EIOPA must be aware that the impact of implementing its holistic balance sheet could go far beyond individual pension schemes.</p> <p>We do not believe that EU capital/funding requirements should be introduced as part</p>	

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	<p>of Pillar I and therefore do not believe that the holistic balance sheet should be used for such a purpose.</p>	
<p>Q73</p>	<p>Q73: Do stakeholders believe that the holistic balance sheet should be used as a risk management tool as part of pillar 2 requirements? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>We do not believe that the case has been made for introducing a holistic balance sheet at all. However, if one is to be produced, then it is clearly preferable and less damaging to pension schemes, sponsors and the economy if these (possibly meaningless) numbers are used as part of a risk management process rather than to drive the funding of pension schemes.</p> <p>It should be noted, however, that the draft text of the revised IORP directive already contains a risk management tool in the form of the Risk Evaluation for Pensions. We believe that a qualitative assessment along the lines proposed in the Risk Evaluation for Pensions would form a much more effective tool that is better able to address the specificities of individual IORPs and sponsors.</p>	
<p>Q74</p>	<p>Q74: Do stakeholders agree that the outcomes of a pillar 2 assessment should be publicly disclosed as part of pillar 3 requirements?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p>	

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	<p>Once a specific holistic balance sheet calculation has been carried out, it will be difficult for companies (especially listed companies) not to disclose that (potentially market-sensitive) analysis publicly (even if it is not used for Pillar 1 funding purposes) and so we do not think it would be practical to prevent public disclosure.</p> <p>However, as noted above, we do not believe that it is appropriate to calculate a single value for sponsor support across all IORPs. If a single value were to be calculated for risk management purposes and then publicly disclosed, this number may be misleading and may either damage a company's standing, or give an inappropriately positive view of an employer's obligations to their pension scheme.</p>	
Q75	<p>Q75: Do stakeholders agree that competent authorities should be empowered to take supervisory action based on the pillar 2 assessment of the holistic balance sheet? Please explain and, if yes, what action?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>This should be left to the supervisors of individual member states to determine.</p>	
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Q84		
Q85	<p>Q85: In the stakeholders' view should the minimum requirement for the level of liabilities to be covered with financial assets be based on the Level A technical provisions or the Level B best estimate of technical provisions? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>The Level B best estimate should be used, in line with the existing calculation of technical provisions. No evidence has been presented that this is an inappropriate valuation approach.</p>	
Q86	<p>Q86: If the Level B best estimate were to be used, in the stakeholders' view should it apply to all IORPs or should its use be restricted to IORPs which dispose of certain security and adjustment mechanisms, be subject to prior approval of the national supervisor or applied as a member state option? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>We believe it should apply to all IORPs without restriction.</p>	
Q87	<p>Q87: In the stakeholders' view should the level of technical provisions that needs to be covered with assets (incl. security mechanisms), and that potentially serves as a basis for the SCR, be based on Level A technical</p>	

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	<p>provisions or on the Level B best estimate of technical provisions? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>The Level B best estimate should be used, in line with the existing calculation of technical provisions. No evidence has been presented that this is an inappropriate valuation approach.</p>	
Q88	<p>Q88: If the Level B best estimate were to be used, in the stakeholders' view should its use be restricted to IORPs which dispose of certain security and adjustment mechanisms, be subject to prior approval of the national supervisor or applied as a member state option? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>We believe it should apply to all IORPs without restriction.</p>	
Q89		
Q90	<p>Q90: Do stakeholders believe that there is scope for harmonising the recovery period regarding the level of technical provisions to be covered with financial assets on the EU level? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also</i></p>	

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	<p><i>believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>No. This should be left to the member state level.</p>	
Q91	<p>Q91: Do stakeholders think that the recovery period regarding the level of technical provisions to be covered with financial assets should be short or cover an extensive period of time? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>This should be specific to the individual circumstances of an IORP and its sponsor(s).</p>	
Q92	<p>Q92: In the stakeholders' view how long should the more extensive recovery period be and should it be restricted to IORPs which dispose of certain security and adjustment mechanisms and/or be subject to prior approval of the national supervisor? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>This should be specific to the individual circumstances of an IORP and its sponsor(s).</p>	
Q93	<p>Q93: Do stakeholders believe that there is scope for harmonising the recovery period for meeting the SCR on the EU level? Please explain.</p>	

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	<p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>We do not believe that the case for an EU-level SCR has made. Any SCR (and therefore any associated recovery period) should be specified at member state level.</p>	
Q94	<p>Q94: In the view of stakeholders should the recovery period in the event of non-compliance with the SCR be short or cover a more extensive period of time? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>We do not believe that the case for an EU-level SCR has made. Any SCR (and therefore any associated recovery period) should be specified at member state level.</p>	
Q96	<p>Q96: Do stakeholders agree that IORPs should be required to submit a recovery plan if capital/funding requirements are not met or should more specific supervisory responses be specified on the EU level? Please explain.</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p>	

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	<p>Under existing legislation, IORPs are required to submit a recovery plan where funding requirements are not met. We believe that this should continue to be the case and that no further supervisory responses should be specified at an EU level..</p>	
Q97		
Q98	<p>Q98: In the stakeholders' view is there scope for transitional measures in order to mitigate the potential impact of a possible EU prudential regime on existing contractual agreements and national social and labour law?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>We do not believe that the case has been made for a possible EU prudential regime based on the holistic balance sheet. However, if such a regime were to be introduced (and especially if the holistic balance sheet were to be used for Pillar 1 funding/solvency requirements), then an appropriate transitional regime would be essential to avoid major impacts on pension schemes, sponsors and long-term investment markets.</p> <p>We therefore agree that benefits that were accrued prior to the introduction of a holistic balance sheet approach should be excluded from the new EU regime.</p> <p>We would also favour a long transition period for employers to adapt their pension provision to fit the new regime (noting that in practice this would be likely to mean the closure to future accrual of all existing defined benefit provision, which may not be what EIOPA is aiming to achieve).</p>	
Q99	<p>Q99: Do stakeholders have any general comments on (the description of) example 1?</p>	

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	<p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>As noted in the consultation paper itself, Example 1 would 'seriously interfere' with existing pension schemes, especially in those member states with large defined benefit liabilities. It would also discourage sponsors from providing pension promises in the future (except where required to do so by legislation). We regard this example as highly damaging for pension schemes, and unlikely to be possible to implement successfully in practice.</p>	
Q100	<p>Q100: Could example 1, in the view of stakeholders, be used for all IORPs in the EU?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>This example could not be applied, at least in the UK, without serious damage to pension schemes, employers sponsoring them and long-term investment markets.</p>	
Q101		
Q102		
Q103		
Q104		
Q105		

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Q106		
Q107		
Q108		
Q109	<p>Q109: Do stakeholders have any general comments on (the description of) example 6?</p> <p><i>The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.</i></p> <p>The 100 Group believes that this is the best of the six examples under consideration here, since it limits the holistic balance sheet to use as a risk management tool. This would, however, still leave IORPs with the cost of having to produce the holistic balance sheet for little obvious benefit. We believe the revised IORP directive's 'Risk Evaluation for Pensions' will in practice achieve much of what the holistic balance sheet might be able to do, with an emphasis on more meaningful qualitative assessments of risk rather than spurious numbers for the support provided by the sponsor and, where relevant, any pension protection scheme.</p> <p>The choice of examples is skewed because they all involve the use of the holistic balance sheet in some form. We believe that the consultation should also have considered an example 7, which is retaining the status quo <u>without</u> the introduction of the holistic balance sheet. EIOPA has not yet demonstrated why the holistic balance sheet is needed.</p>	
Q110		
Q111	<p>Q111: Do stakeholders agree that there is scope for simplifications with regard to drawing up the holistic balance sheet? Which simplifications would you consider most important and in which situations?</p>	

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The 100 Group is opposed to the idea of solvency funding for pension schemes (and to the use of the holistic balance sheet as a mechanism for achieving this). We also believe that it is not possible to put a single figure on the valuation of sponsor support. The fact of us answering this question should not be taken as implying our agreement to the overall policy.

EIOPA should also consider an example 7, which is retaining the status quo without the introduction of the holistic balance sheet. EIOPA has not yet demonstrated why the holistic balance sheet is needed.