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6 February 2015

Dear CEO,

THE ESTABLISHMENT OF INDEPENDENT GOVERNANCE COMMITTEES FOR WORKPLACE PENSION SCHEMES

I am writing to you to set out the new responsibility for firms that operate group personal pension schemes or group stakeholder pension schemes to set up an Independent Governance Committee (or equivalent) by **6 April 2015**.

As you are aware, the introduction of automatic enrolment in the UK has meant that it is of particular importance that workplace pension schemes deliver value for money. To support this objective we have worked with the Government to introduce new rules and guidance for IGCs that were published today.

These rules seek to ensure that firms set up IGCs that are independent and effective, providing IGC members with the information and resources to enable them to assess the ongoing value for money delivered by relevant schemes.

It may be useful to note that firms operating smaller and less complex schemes may choose to establish a Governance Advisory Arrangement (GAA) with a third party, as an alternative to an IGC. While a GAA may cost less to operate, the desired outcome remains the same, which is to ensure that value for money is offered by relevant schemes.

You can find a copy of PS15/3 Final rules for Independent Governance Committees, including feedback from CP14/16 here: www.fca.org.uk/news/policy-statements/ps15-03-final-rules-for-independent-governance-committees

IGC Chairs letter

So that we can understand how you intend to implement these new rules, where applicable, we would like you to provide written confirmation that either an IGC or a GAA, as appropriate, has been set up, or you have a plan in place to set this up in advance of the requirement.

We intend to host an event for all IGC Chairs and representatives of third parties providing GAAs on 30 March 2015. To ensure we include your appointed person, we would be grateful if you could complete the form enclosed in Appendix A and return this to us by the **13 February** so we can make the invitation. Please provide these details to Craig Clark, by email Craig.Clark@fca.org.uk.

Yours sincerely,

Caroline Gardner
Head of Department, Life Insurance

Supervision Division