Q. Do you foresee the next government removing 25% cash lump sum tax break?

Steven Robson - I don't, I think the 25% cash, whilst there is no logic to it, is too popular to remove but I do see higher rate tax relief and maybe all tax relief going, because if the state pension is at a level that it doesn't matter if you buy a Lamborghini, why do you need tax relief?

Kevin O'Boyle - I think that potentially higher rate tax payers could lose relief as the vast majority of voters aren't paying higher rate tax.

Q. Changes come into place April 2015, how long do employers have to comply with the new legislation?

Mark Hewitson – In terms of say second line of defence their schemes are going to have to provide that from April and for DB transfers they are typically going to have to pay for advice if they initiate a transfer scheme. However I expect a lot of employers not to be doing very much to start with until they get an idea of what their competitors are doing and a sense of what the next government will do. Any further changes that will affect administration systems, if there are changes to tax relief for instance, could be an awfully big task for schemes to have to administer.

Kevin O'Boyle - If you have, for auto enrolment purposes a DC scheme then you have an obligation to provide an appropriate default. Currently most default options in the glide path to retirement will be bonds and cash on the basis that annuities will be purchased at retirement. It can be expected that most people in the new world from April 6th will not be buying an annuity then continuing with the current default target aimed at annuity purchase may well no longer be an appropriate option for most members'. I wouldn't leave it too late because if someone on the 7th April retires and all their money is in bonds and cash and interest rates have gone up and they decide to take the pot as say cash, they could face a big capital loss and will look to find someone to blame?

Dermot Courtier – At Kingfisher, we are introducing a new default fund primarily to get people with small pots to cash. We will have to do a mapping across exercise in the next 3-4 months to take existing 10 year lifestyle people across to the new arrangements and manage all the communication that goes along with that. But we are not rushing to make more changes as we don't think the system providers will be ready and that is important to us from a DC administration point of view. We don't know what new products may well come into the market place over the next 2-3 years and we are going to be more geared to the small pot scenario so we believe we have more time to look at, in more detail, the annuity and income drawdown market and what new products come in.

Steven Robson – We've actually moved our default to cash from April. When you look at the people who are retiring within the next 2 -3 years the size of their pot is almost certainly going to be taken as cash or Mark's scenario of cash taken over 1 – 3 years to gain the tax benefit. We have deliberately moved our default which 90% of our employees are in to a cash default; I suspect that will move again in a couple of years' time but initially we feel it is the right place to be.

Mark Hewitson –If I ignore the word comply - the question you're going to have to answer on the 6th April is if employees say "I do want my cash". What are you going to say? How are people going to access money from their funds if they want it? We have seen the number of annuities purchased in the last 12 months fall by half but we haven't seen the number of retirees halving, those people are still there, and the bulk of those people are sat with pension funds of some sort so you have to take a guess that they will want to take cash. Hopefully they won't all call up on April 6th but they might do, so my question would be "what are you going to say when they do that" that's what I think you need to be ready for.

Jonathan Watts-Lay – Someone asked a question "Is the industry ready with sufficient post retirement products for April and can these be supplied at a reasonable cost to the member?" It does raise that question that we know people have delayed retirement, they haven't bought annuities since the Budget, we have to assume they want to do something come April and Dermot I think you are saying that a lot of those products aren't ready yet, so what are we going to do with all these employees who are planning to do something in April? If you have employees who phone up on 6th April saying "I was going to retire 6 months ago but I have now waited because I know I didn't want an annuity" what are we going to be saying to them?

Steven Robson - We have an annuity adviser at the moment, we provide them with annuity advice and a broking service. That will be changed in April to a wider retirement advisory service, which is something we will pay for as a company. Employees will be able to receive guidance about the process, it is not advice, but it does tell them about the products available, about drawdown and what is out there in the market. If they then want to take specific advice they can go and get it.

The idea of 'new products not being available' is something that I struggle with as Australia and the US have had flexibility for many years and they don't have these 'new products' available so I am surprised as to why and how we think these will suddenly happen in the UK. It is no small cost for an insurer to suddenly develop a new product.

Jonathan Watts-Lay – There is an interesting dynamic I think with this. The product market historically has been an insured product, an annuity. With the new legislation we are moving into a world I call 'service provision' as opposed to product provision, so there might be products that underpin that service but what it is really about is the service that you get throughout retirement as it may be a series of decisions made by the individual.

Mark Hewitson –I think generally we are product obsessed. It isn't about the product itself but about having a decent plan and understanding what you can do with your money. How you use your different savings and investments and at what point in your retirement you take from them and in what order. Annuities, cash accounts and drawdown are already there for people who want them, so I am not sure we need new products, I think we need people to understand what services are already available.

Q. … employers will need to look at employee engagement at least 5 years prior to retirement to accommodate investment life styling; with this guidance being offered at this point is the guidance guarantee not somewhat redundant 4-6 months prior to retirement?

Dermot Courtier – I don't think you run with 5 years before retirement, we talk now about 10 – 15 years before retirement, we talk about starting to educate our members of the scheme from around 52-53.

The issue about the guidance is we are not very optimistic that in the opening few months it is going to be beneficial, particularly where in our case as we have a legacy DB arrangement with 4000 members who have final salary legacy terms as well as being active members in the DC money purchase section. The guidance doesn't cover anything on the final salary side, it is excluded, so as soon as those 4000 members go through the guidance route and they mention they have a hybrid DB they will get told to go back to their own pension department.

Steven Robson - I think the Pension Wise service will be good for a group of people. The people in the room are interested enough to attend today so I suspect they will look to do more or do the same as the Pension Wise service themselves, but there will be smaller employers or people with personal pensions I can see the Pension Wise service assisting.

Q. What is the best way to get employees to engage with their retirement and attend financial education sessions?

Kevin O'Boyle – In the DB world at BT, it has actually not been a problem, every time we say would you like to attend a 'retirement planning' we have thousands of applicants and a huge waiting list. The challenge is they have to take time off work and check with their manager and getting their managers to realise they had to release their employees for these sessions used to be really difficult, but it's no longer a problem and now we have 600 sessions a year.

Jane Griffiths– I think it's also important to provide engaging communications that say 'what is in it for me, why should I attend, what is the benefit of me attending' and if you get that right then you will engage people and they will attend which is something we are successful at doing.

Kevin O'Boyle – And I suppose word of mouth too, as it has been running for so long with such good feedback. Getting the business buy in and budget agreed and letting people take time off is all important.

Jonathan Watts-Lay – I suppose the buzzword is engagement, if you do a single intervention it's often hard to get engagement as people don't often understand all that they need to know. But as long as you can whet their appetite you can build on that and then you almost go to the other end of the spectrum which BT are experiencing now where we end up with waiting lists and people cannot wait to sign up. That is the ultimate engagement and to be frank you will never achieve that with a brochure or information on an intranet site.

Q. Do you think the word retirement will mean the same in the future?

Steven Robson – From a company point of a view I am really worried about these changes. I think it is the right thing and flexibility is good but I am really worried it will become a later in working life savings plan. If someone is 55 and they have got a DC pot and they can start to access it and you can't stop them, does it mean that they start to dip in and pay the mortgage off and help their children? That is not why we are paying material amounts of money into a DC fund for them. We are doing it so they can have a reasonable retirement and not a savings plan that gets spent before they retire and then cannot afford to ever retire.

Dermot Courtier– I have a slightly different view in the sense that B&Q has a reputation for recruiting older employees and we have to balance that a lot of those people are part time and they can still contribute towards their pension scheme well past a target date of 65, and we do have a lot of older workers who are in the 70s and 80s. I know for a fact that the oldest employee that we have is 94 years old.

Jonathan Watts-Lay – I was at a conference where someone from ASDA said that they have an employee at the age of 90, so the question is do you think that this whole notion, in certain companies, will encourage less generous pension contributions going forward because people can just use it as a savings plan?

Steven Robson - I think it will certainly make us think about the way we provide that contribution. If somebody starts taking some of their pension whilst working for us do we stop contributing other than the auto enrolment minimum because otherwise we are just fuelling that position, so do you take action to stop it?

On the flip side, we have some people who don't want to leave us, we have rangers who walk around reservoirs, who look after wildlife and manage the estate around the reservoirs. In sessions with them their question is "so I can afford to retire now and then what I will do? Take a nice walk around a reservoir and not get paid for it, why would I do that?" We have a 72 year old DB member who has no plans to retire and I see the reasons why.

Kevin O'Boyle - Well I think we probably have a bit of time as BT has a big DB scheme with circa 30,000 people over 50 active and a big DC with about 1000 people over 50 and the chances are that the 1000 people also have a chunk of prior DB benefits from previous employments. It is a worry though, that in a pure DC world we move forward say 10 – 20 years that if people have a DC pot and they spend it at 55 without thinking about the future it will cause issues for them and also potentially a big work force management issue in the future, but I don't think it will happen on the 6th April. It is quite important the education and support starts as early as possible so people realise that if they take their pension money at 55 and spend it they will have a pretty miserable life. It does involve mind shifts for everyone, employers and employees to face up to the new world.

Q. About employees that are already on a glide path, with the changes that are coming in April what should be done about their default fund?

Steven Robson – We will be moving everybody's glide path, we currently have a '5 year to annuity' lifestyle arrangement and everybody will be going into a '10 years to cash' lifestyle position. We are automatically moving people and have communication going out in March to explain what we are doing and why we are doing it. Then we will be running sessions in April and May to talk them through this and to explain about the choices and freedoms.

Dermot Courtier – We are scheduled to start our high level communications the second week of March which will go out to all employees in the scheme over the age of 50 and what we intend to do as I said earlier, is map across the people that are in the 10 year life style to a 5 year one and explain the reasons why and communicate out to that group of people who are going to be impacted. We are targeting and segmenting the audience a lot more and then giving them the choice to decide whether to stay in the 10 year or go in the new 5 year.

Kevin O'Boyle – BT has a number of DC schemes all of which are contract based not Trust based, so it's the individual who needs to decide whether to switch or not. There is some scope in some of our policies to map and switch people across to something that may be more appropriate but in most cases it is a matter of people having to be communicated with and being told the options and get them to make the decisions, which of course given that most people in DC schemes do not make decisions is going to be quite challenging and most communications that go out to people, well you are lucky if that is read, but we need to make sure they make informed decisions.

Q. We have a young and small work force. How much communication should we be doing bearing in mind the regulations are likely to change again in X years' time?

Jane Griffiths – We deal with early career right the way through to end of career. Start communicating with your work force, be it at any age, getting them engaged in understanding what saving for retirement is all about and making sure they understand what is available to them. The sooner you start the better it is for putting them in the right position later in their careers.