



Employer Covenant
Practitioners Association

News Release

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ECPA comment on DB Funding Code

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Commenting on the DB Funding Code laid in Parliament yesterday, Luke Hartley, Chair of the Employer Covenant Practitioners Association (ECPA), said:

“We welcome this latest step toward finalising a new funding code that cements the importance of employer covenant in the agreement of pension schemes’ funding and investment strategies.

“We are pleased that the new funding code continues to emphasise the importance of covenant assessment and that the Pensions Regulator has taken on board many of the comments raised in the ECPA’s consultation response including our concerns regarding the treatment of open schemes. Notably the new code incorporates additional commentary on proportionality, covenant reliability and covenant longevity, sets out the continued need for covenant advice even after a scheme has reached low-dependency level funding and adopts a principles-based (rather than formulaic) approach to the assessment of supportable risk.

“We look forward to reviewing the code and consultation responses in detail over the next few days, and to the forthcoming consultation on the new covenant guidance.”

For further details:

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About the Employer Covenant Practitioners Association (ECPA)

The **Employer Covenant Practitioners Association** was originally established in 2012 as the Employer Covenant Working Group (ECWG) to discuss issues relevant to providing financial advice to clients on matters connected with the employer covenant, to participate in discussions with bodies such as the Pensions Regulator and Pension Protection Fund and to raise standards in the employer covenant financial advisory industry generally.

As well as making representations to Government and other bodies on covenant issues arising from proposed changes in regulation and legislation, the Association has produced a number of guides for advisers and sponsors, including principles of covenant assessment for scheme valuations; guidance on transactions in distressed and non-distressed environments and developing best practise on Integrated Risk Management. All guides and a list of members are available at the Association’s website <https://ecpa.org.uk/>