

**CONDUCT OF BUSINESS SOURCEBOOK (ABOLITION OF CONTRACTING OUT FOR DEFINED CONTRIBUTION SCHEMES) INSTRUMENT 2010**

**Powers exercised**

- A. The Financial Services Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
    - (a) section 138 (General rule-making power); and
    - (b) section 156 (General supplementary powers); and
  - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 24 November 2010.

**Amendments to the Handbook**

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Conduct of Business sourcebook (COBS) is amended in accordance with Annex B to this instrument.

**Citation**

- F. This instrument may be cited as the Conduct of Business Sourcebook (Abolition of Contracting Out for Defined Contribution Schemes) Instrument 2010.

By order of the Board  
10 November 2010

**Annex A****Amendments to the Glossary of definitions**

In this Annex, underlining indicates new text and striking through indicates deleted text.

*contracting out  
comparison*

a description of:

- (a) the benefits that minimum contributions would secure if a *retail client* did not contract out of the State Second Pension;  
and
- (b) the material differences between the anticipated position if a *retail client* remains contracted into the State Second Pension and the anticipated position of that *client* contracts out;

which is calculated to the *client's* state retirement age using the *lower* and *higher rates of return* and aggregate contributions for the current tax year and ~~the next two tax years~~ any future tax years in the period ending 5 April 2012.

## Annex B

## Amendments to the Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

## 13 Annex 2 Projections

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4	How to calculate a projection for an appropriate personal pension
4.1	(If a <i>client</i> is considering whether to contract out), a <i>projection</i> for an <i>appropriate personal pension</i> must include or be accompanied by
	(1) a <i>contracting out comparison</i> providing a description of:
	(a) the benefits that minimum contributions would secure if a <i>retail client</i> did not contract out of the State Second Pension; and
	(b) the material differences between the anticipated position if a <i>retail client</i> remains contracted into the State Second pension and the anticipated position if that <i>client</i> contracts out;
	which is calculated to the <i>client's</i> state retirement age using the lower and higher rates of return in 4.2R and aggregate contributions for the current <u>tax year</u> and <del>the next two tax years</del> <u>any future tax years in the period ending 5 April 2012</u> :-
	(2) an explanation that the figures in the comparison are intended to illustrate:
	(a) the amount of pension that <u>the</u> <i>client</i> might get compared with the benefit to be given up under the State Second Pension; and
	(b) what might happen if the lower and higher rates of return were achieved each year.
...	