



ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA Chair calls on new Pensions Minister to work closely with industry and favour flexibility to address key pensions challenges

8 November 2022: The Association of Consulting Actuaries (ACA) Chair, Steven Taylor, has written to Laura Trott, the new Pensions Minister, calling on her to favour increased flexibility in the public policy approach to boosting pensions and saving during difficult economic circumstances. The letter – copied to the Treasury – also underscored that any changes to the pension tax regime that may be under consideration should not be yet another ‘tweak’ that further undermines pension savings or undermines workforce retention. Changes should be thoughtfully considered and properly consulted upon.

Steven Taylor said:

Adequate Savings – *“Whilst in the longer-term adequate pension saving for millions of people will require incremental increases in DC pension contributions, this is currently an extremely challenging time for public policies to make new requirements. We continue to believe the Minister should carefully extend AE provision over the next few years but, given it may not be desirable to rapidly raise minimum AE contributions, should also consider more steps to allow long-term savings to be used more flexibly when and where they are needed. We strongly support the early extension of CDC schemes to a wide audience as one means to boost pension savings.*

“Additionally, Ministerial statements need to spell out time and again the kind of levels of regular voluntary contributions that savers and employers need to aspire to in order to deliver adequate and improving retirement incomes in the years ahead. This would become even more important if full inflation linkage to state provision is challenged”.

Stewardship of defined benefit schemes – *“Following DWP’s consultation on the new funding and investment regulations, we now look forward working closely with DWP and the TPR to help ensure that regulations and a new funding code is put in place that delivers for all stakeholders – providing strong reassurance to sponsors, members and trustees.*

“The need to address the potential for unintended consequences is significant and this requires that there remains continued, appropriate flexibility in how long-term commitments are sought and delivered. Importantly, the policy response to recent LDI experiences must be proportionate. Great care is needed in making changes – new Regulations, codes and guidance need to reflect this and we are separately making representations to DWP on these matters over the coming weeks”.

Dashboards – the ACA strongly supports the desire to better communicate to savers around where their savings are and how they are accumulating. But, given the financial pressures on employers and of the workload on trustees, a lot of which flow from new legislative and regulatory requirements, the ACA questions whether proceeding too quickly with dashboards could be counter-productive and, as such, risk damaging an important initiative.

“We are worried that the complexities in delivering dashboards that will provide reliable figures upon which savers can make important decisions are currently being underestimated. We believe now could be a good opportunity for the new Minister to pause and reflect on whether there should be further easements to the timetable that might better ensure strong outcomes are delivered immediately from Day 1 following their launch.”

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About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country’s largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries’ Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes. The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.

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