ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA says more work needed so trust-based schemes can make most of targeted support

12 February 2025: In their response to the FCA consultation on the 'Advice Guidance Boundary Review' the Association of Consulting Actuaries (ACA) says that they would like clarity regarding how trust-based schemes will be able to confidently make the most of targeted support, even if this is to refer further consideration of this matter to the DWP and the Pensions Regulator.

Commenting on the response, ACA DC Committee Chair, Tess Page said:

"We welcome the consultation, and ACA strongly supports creating a framework that will enable more people to access advice or support, at an affordable price.

"While there are inevitable risks associated with the proposals, these can be mitigated and monitored over time and should not prevent moving forward with a view to democratising access to support to individuals.

"We would like clarity regarding how trust-based schemes will be able to confidently make the most of targeted support, even if this is to refer further consideration of this matter to the DWP and the Pensions Regulator. There is no reason why a provider of targeted support should not obtain information about a member in a trust-based scheme and about the scheme itself.

"However, consideration needs to be given as to how this would work in practice, especially where there is no existing link between the trust-based scheme and the provider and bearing in mind that targeted support will require ongoing assessment of whether it is producing good outcomes. Consideration will need to be given to introducing a framework that provides trustees with the necessary comfort that allows them to provide targeted support, or something equivalent.

To be most helpful to individuals, and to provide a meaningful step-up in what is on offer currently, ACA says targeted support must offer elements of both guidance and a personal recommendation. If the framework tilts cautiously towards more generic guidance the opportunity will be wasted.

The ACA response notes a significant number of people will still need to take personalised advice, and it would be helpful for targeted support to direct individuals to such advice where a need is identified. The Pensions Advice Allowance is not currently sufficient to cover people taking advice beyond the basics.

The ACA response also notes that the definition of "better" is subjective and hard to predict at a point in time, given the long-term nature of retirement and investment decisions. An alternative approach would be to seek to prevent "poor outcomes" as a route to better - for example, unsuitable / inefficient tax decisions, investments that are misaligned with an individual's term to retirement, etc.

ACA supports ready-made targeted support solutions and a verification process for matching consumers to appropriate support.

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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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