ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE

ACA CHAIR RESPONDS TO TPR GUIDANCE ON DISTRESSED SPONSORS

12 November 2020: Patrick Bloomfield, Chair of the Association of Consulting Actuaries (ACA) commented today on the TPR guidance re distressed sponsors issued today:

"TPR's latest guidance for trustees with stressed sponsors is timely. It highlights underlying concerns of businesses struggling through the later stages of lockdown. TPR's focus on practical examples will be useful in helping trustees identify situations where they should be taking action. Trustees should be particularly wary of the emerging practice of lenders seeking security ahead of pension schemes.

"The US election result has seen a recent uptick in funding. This guidance is a reminder to trustees not to take too much comfort from short term market rallies and keep their focus on sponsors' ability to support their scheme for the long-term."

"TPR's guidance is a reminder that it's trustees on the ground who need to do what's right for their scheme and their members. A criticism that led to the Pensions Bill was the lack of speed of intervention in situations of corporate distress. It will be some time yet before TPR's powers are enhanced in any way, so it's essential for trustees to be alert and act quickly if their scheme's sponsor's outlook is deteriorating."

"The guidance is a useful prod to sponsors to bring their trustees into any commercial decisions that could affect the security of their pension scheme. If Clause 107 of the Pensions Bill goes ahead as drafted, it will criminalise actions which undermine the security of pension schemes. There is a sense of TPR forewarning industry of what's to come."

For further comments:

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NOTE FOR EDITORS
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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