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## PRESS RELEASE

# ACA urges DWP to protect workers on career breaks from unnecessary pension transfers

**16 November 2026: The Association of Consulting Actuaries (ACA) has welcomed the Government's plans to automatically consolidate small pension pots but warned that the proposed 12-month inactivity threshold could inadvertently capture workers taking parental leave, sabbaticals or other career breaks. The ACA recommends extending the threshold to 15 or 18 months, alongside consistent regulatory safeguards, clearer member communications and measures to ensure the system is financially sustainable.**

**ACA's response to the DWP consultation *Small Pots: a pathway for consolidation***

Tess Page, Chair of the ACA's Defined Contribution Committee, commented:

»Automatic consolidation has the potential to make pension saving considerably simpler, particularly for people who have accumulated several small pots over their working lives. However, the Government must avoid creating new problems in trying to solve an old one.

»A worker taking time out to raise a family should not find their pension has been moved unnecessarily simply because they crossed an arbitrary threshold. Once transfers become automatic, relatively small flaws in the system could affect thousands of savers. A modest extension to the inactivity period would provide a sensible safeguard without undermining the reforms.«

In its response, the ACA calls for consistent regulatory standards across single-employer trusts, master trusts and contract-based pension schemes. Authorisation, consumer protection, service standards, supervision and exit arrangements should be aligned, regardless of scheme type.

The ACA also recommends stronger safeguards for pensions carrying valuable guarantees, including protected pension ages, enhanced tax-free cash and guaranteed survivor benefits. Common data standards would help schemes identify and preserve these rights.

On member communications, the ACA recommends a standardised one-page summary, explaining the consolidation process and available choices. Notices should be tested for accessibility and scam resilience, with a way for savers to verify their authenticity without relying on links or QR codes.

The ACA welcomes DWP's consideration of flat-fee thresholds, urging consideration of administration costs, cross-subsidies, the General Levy and wider pensions reforms before consolidator decisions are finalised.

The ACA's response also cautions against relying on scheme size or the untested new Value for Money (VfM) ratings to determine consolidator eligibility at this early stage, arguing that

governance, operational capability and financial sustainability should take precedence, especially while the VfM framework beds in.

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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. The ACA is celebrating its 75th Anniversary this year.