



PRESS RELEASE: LETTER TO MINISTERS

ACA letter stresses holistic approach as Government announces legislation on pensions

18 July 2024: The Association of Consulting Actuaries (ACA) has written to both the new Pensions Minister and Economic Secretary on the day the Government outlined its legislative agenda. With a Pensions Bill announced, the letter stresses the early need to consult with the pensions industry given the important holistic link between pensions and the financial policies and taxation approaches pursued by the government. Their interwoven impact on pension fund investment and attitudes towards private pension savings and outcomes represent a key challenge but also a key opportunity for the new government.

Commenting on the letter to Ministers, ACA Chair Stewart Hastie, said:

“We look forward to working with both DWP and the Treasury on the important areas on pensions and investment outlined in the Labour manifesto, which we suggest can only be successfully pursued by taking the pensions industry, trustees and business with them.

“We are looking for early clarity from Ministers to understand more details on their key priorities and how the pensions review outlined in their manifesto might progress both in scope and timing.

“Whilst today’s announcement of a Pensions Bill is welcome, notably important initiatives to improve outcomes for DC members and the introduction of the long-awaited legislation for superfunds, keeping momentum on outstanding issues is essential, such as the publication of the new DB Funding Code and delivery of pensions dashboards.”

The ACA letter highlights other **existing pension policies that have been held up due to the General Election** that it would like to see progressed soon by the new Government, including:

- Urgent clarification of several **outstanding regulatory issues in respects of the abolition of the Lifetime Allowance.**
- **Expanding coverage of Collective Defined Contribution (CDC)** schemes, through the introduction of legislation for whole-life multi-employer schemes.
- **Completing Value for Money initiatives** that are practical to implement.
- **Extending Auto-Enrolment coverage** as agreed by Parliament.

Stewart Hastie added:

“We see an important holistic link between pensions and the financial policies pursued by the government. We are supportive of the joint department appointment for the new Pensions Minister as in our view, it is important that there are closer links between the priorities of both

the Treasury and DWP. Given the wide industry consensus, we also see the opportunity for the new Government speedily progressing steps to encourage greater long term investment flexibility for DB schemes and their ability to share surpluses with sponsors and members where appropriate.

*“With the right safeguards, utilising current and future surplus assets in the £1.4 trillion of UK DB pensions, schemes can make a meaningful difference to employers and the resources they have available to invest in their businesses and improve long-term savings for their current workers. At the same time, new flexibility for DB schemes could help bring additional benefits to their members. Safeguards including legislative and regulatory measures can be accommodated within the existing frameworks. Industry estimates suggest from **£100 billion to £250 billion of surplus assets could be released from DB schemes over the next 10 years** to support employers, members and current employees if legislative changes are forthcoming in the near term.”*

The ACA letter added on consolidation, for very small DB schemes and a limited group of very poorly funded schemes that are already well-known to TPR, the introduction of the PPF as a public sector consolidator could be useful. However, given the well-functioning commercial markets for end-game solutions that already exist, ACA believes the scope of any public sector consolidator should be strictly limited to those schemes that would be unable to access a commercially available solution in the future.

Contacts for further information:

Stewart Hastie, ACA Chair, at stewart.hastie@isio.com or 07799 893797

David Robertson, ACA Secretariat, at david.robertson@aca.org.uk or 020 3102 6763

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.

Disclaimer

This document is intended to provide general information and guidance only. It does not constitute legal or business advice and should not be relied upon as such. Responding to or acting upon information or guidance in this document does not constitute or imply any client /advisor relationship between the Association of Consulting Actuaries and/or the Association of Consulting Actuaries Limited and any party, nor does the Association accept any liability to any person or organisation relating to the use of such information or guidance.

Association of Consulting Actuaries Limited · First Floor · 40 Gracechurch Street · London · EC3V 0BT

Tel: +44 (0)20 3102 6761 · Email: acahelp@aca.org.uk · Web: www.aca.org.uk

Privacy Statement: <https://aca.org.uk/privacy-accessibility-statement/>