

Work & Pensions Select Committee Inquiry on Pension Freedoms Evidence from the Association of Consulting Actuaries (ACA)



ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

‘Aim higher’ says the ACA, acknowledging the vast potential if present disjointed system is addressed

18 May 2021 - In its [response](#) to the Work and Pensions Committee Inquiry on *Protecting pension savers – five years on from the Pension Freedoms: Accessing pension savings*, the Association of Consulting Actuaries (ACA) recognises strength in individual elements of UK pension provision, but raises concern over a fragmented system that means beneficiaries are not always able to access what might be best for them.

Key points raised by the ACA are:

- Access to the full range of flexibilities is very mixed, with a disjointed system across contract-based group schemes, own trusts, master trusts and personal pensions.
- There is a black hole in the guidance and advice system, which urgently needs to be filled by good value, transparent solutions that link seamlessly with pre-retirement pensions delivery.
- A combination of regulations, innovation, and greater consolidation will be needed to drive forward a pensions system that serves the needs of individuals in a manner that is easy to navigate and helps people to make the right decisions at the right time.

Tess Page, Chair of the ACA’s DC Committee, said:

“Levelling up is required in order to maximise the potential that the flexibilities have to provide better outcomes for individuals, with the appropriate safeguards. Fears of Lamborghini blow-out spending have been misplaced, but there is more to be done to ensure every pension saver has access to the right mix of solutions for them, with good value advice at their fingertips”.

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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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Appendix

In February 2021 the Association published a report – *Pensions: Build back better* – with one of the public policy recommendations being:

- 1. There is an urgent need now for increased flexibility in the way people save for retirement, for example by extending pension freedoms to younger savers (subject to appropriate safeguards and incentives) to promote both resilience and intergenerational fairness.**

Key survey finding:

- **62% of employers think more flexibility would increase employee saving.**

Steven Taylor, who Chairs the ACA's Pensions and Savings Adequacy Group, commented: *"To provide greater incentives for higher levels of pension savings by younger employees, and support the wider AE measures we have suggested, the Government should relax current rules and implement an extension of pension freedoms allowing early access of up to a maximum of £30,000 (or 50%, if lower) of individuals' pension funds that are currently available only from age 55. This amount is consistent with the "trivial commutation" limit often applied to the return of "small" pension funds to older savers. These funds could be used to meet a short and specific list of eventualities, such as following job loss in future pandemic scenarios, or potentially to help fund house deposits."*

(For more, see [Report](#) pages 7 and 26)