ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA gives support for CDC regulations and calls for action on trust-based decumulation-only CDC.

19 November 2024: The Association of Consulting Actuaries (ACA) in its response to the DWP *CDC unconnected multi-employer schemes regulations'* consultation welcomes its confirmation of the intention to lay these regulations in 2025.

Commenting on the response, ACA Chair, Stewart Hastie said:

"The ACA also supports the new Minister for Pensions' argument on the advantages of CDC pensions in the Foreword to the consultation document and welcomes the comments under 'next steps' concerning trust-based decumulation-only CDC. The ACA encourages urgent continuation of DWP work with the pensions industry to facilitate this particularly if Government moves forward with requirements for trustees to provide decumulation solutions."

The ACA response however adds that there are some aspects of the proposed legislation that could be further improved.

On the **scheme proprietor** and its role – ACA does not think it is appropriate for the scheme proprietor to be required to approve the viability report. The response suggests the regulations permit a scheme proprietor to combine this role with acting as the scheme funder and/or scheme strategist for DC sections of the same trust. ACA also suggests regulations clarify that the scheme proprietor must be UK-based.

On **promotion and marketing**, the ACA says it would be appropriate for all unconnected employer CDC schemes to have a specific person responsible for this area and for this person to be assessed under the fit and proper person provisions.

The ACA adds that there are aspects of the proposed unconnected employer scheme regime that might be attractive to single/connected employers. In particular, the **additional flexibility** on scheme design, benefit adjustments and multi-annual reductions. ACA's preference would be for these flexibilities to be incorporated into the single/connected employer regime.

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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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