ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE

ACA SAYS TAX DANGERS REMAIN IN HMRC GMP GUIDANCE

21 February 2020: The Association of Consulting Actuaries (ACA) has welcomed the guidance issued by HMRC yesterday on whether GMP equalisation might have inappropriate pension tax outcomes for members, providing some sensible reassurances for those schemes planning to operate 'dual record' solutions (for example 'C2').

However, it also confirms that if a scheme uses 'conversion', then, as the law stands, there are some real pitfalls. The guidance warns about possibilities of members losing fixed protection or the annual allowance 'deferred member carve out'. HMRC says it will 'continue to explore the tax implications' of using conversion, but the industry urgently needs solutions, including changes in the law if necessary.

"The conversion method, with DWP's support, was expected to be a key approach to tackling GMP equalisation, not least in offering the opportunity to simplify DB benefits and, critically, increase member understanding of their entitlement. Inappropriate tax pitfalls in an already horrendously complex regime, should not be the block to this", **commented ACA Chair, Jenny Condron**.

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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.