



ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA says Budget will test seriousness of Government's approach to improving pension outcomes

22 October 2024: Following last week's PLSA Conference, Ministerial speeches and continued speculation, Stewart Hastie, Chair of the Association of Consulting Actuaries (ACA), says the eventual decisions on taxation associated with pension and savings contributions will test the seriousness of the Government's avowed intention of improving income outcomes for the growing numbers living longer lives.

Stewart Hastie, ACA Chair, said:

"We like many other organisations responded to the 'Value for Money' consultation last week and whilst we largely support the proposed approach, we have made suggestions notably around the need to expand the framework to cover decumulation that we hope are taken up.

"However, it feels inevitable that we will see some likely adverse changes to the tax treatment of pensions contributions and / or retirement benefits as part of the forthcoming Autumn Budget.

"As per the [representations](#) we have made to the Treasury - our principal call is that this must be done cognisant of the consequences and challenges and with proper consultation of industry. This includes the key challenge of ensuring the media narrative doesn't run away with them on this – saver confidence can be as easily undermined by perceptions, as much as the policy changes themselves.

"It would be an 'own goal' for tax changes to worsen the savings adequacy challenge that current and future generations already face, and that the second stage of the Government's Pensions Review is seeking to address.

Tess Page, ACA DC Committee Chair added, commenting on the [ACA's response](#) to the VFM consultation that:

"ACA strongly supports the proposed approach in the VFM consultation of taking into account measures of performance and service quality, rather than a myopic focus on costs and charges only.

"The governance around the accumulation phase of workplace schemes, and the value these schemes offer members, has come a long way. While there is rightly a desire to build on this through the new VFM framework, it ignores decumulation. Decumulation presents an area of concern to us, as there is potential for significant erosion of value at the point of, and beyond, retirement. The extension of VFM to decumulation products would be valuable.

"Most of the quantitative metrics within the VFM framework are backward-looking. We accept that forward-looking metrics such as expected future investment returns are more challenging to

calculate consistently, sight of this should not be lost. A working group to maintain momentum on this should be considered.”

The ACA response added that the FCA and TPR should not underestimate the challenges some administrators will face in gathering the data and service metrics, at a time when pension administration resources are thinly stretched. We encourage the FCA to engage with administrators to understand the practical issues they may face, and to not allow lack of initial availability of metrics to slow the introduction of the broader framework.

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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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