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PRESS RELEASE

ACA calls for balanced TPR guidance to avoid undermining Government investment ambitions

26 August 2026: The Association of Consulting Actuaries (ACA) has welcomed DWP's consultation on regulations for defined benefit (DB) pension scheme surplus flexibility but has warned forthcoming guidance for trustees from The Pensions Regulator (TPR) must strike the right balance by making the safeguarding of members' existing benefits a key Trustee focus rather than emphasising the possibility of benefit enhancements if the reforms are to encourage sponsor support for well-funded schemes to run on and potentially invest for future surplus.

[Response to Surplus Flexibilities for Defined Benefit Pension Schemes: Unlocking Value for Employers and Scheme Members]

Chintan Gandhi, Chair of the ACA, commented:

"Many DB schemes are now very well funded after years of significant employer support, so greater flexibility over surplus release is welcome. However, TPR's guidance must be balanced and avoid setting an expectation that surplus should be distributed in a particular way. Our recent survey of scheme actuaries found the new flexibilities have already changed behaviours or endgame targets for 46% of schemes over £1bn. With decisions shifting, getting the guidance wrong could leave trustees and employers with less reason to keep schemes running and invested for growth, reducing the potential to generate further surplus and potentially undermining the Government's wider investment ambitions."

While broadly supporting the reforms, the ACA also says the regulations should provide greater practical flexibility in communications to members. In particular, trustees should be able to reduce a proposed surplus payment without having to restart the full member notification process if circumstances or funding conditions change.

The ACA also believe the regulations should make it possible to adopt a formula-based approach to determining surplus payments, allowing trustees to explain how a payment will be calculated rather than always specifying a fixed monetary amount.

Chintan Gandhi added:

"Surplus release decisions may need to respond to changing market and funding conditions. The framework should make it straightforward for trustees to take a more cautious approach where circumstances change, rather than requiring them to repeat an otherwise unnecessary process.

We would also like the regulations to make phased surplus release a genuinely practical option. A single member notification should be capable of setting out an appropriate series *of payments, with each individual payment still subject to the necessary actuarial certification."*

The ACA's response also calls for more workable timescales, arguing the proposed five-working-day period between actuarial certification and payment to an employer should be extended to at least 10 working days, while trustees should have flexibility to shorten the proposed three-month member notification period where appropriate.

The ACA is seeking clarification from DWP that the proposed three-year forward-looking funding test will be assessed on a deterministic basis, rather than risk requiring more complex stochastic modelling.

More widely, the ACA would welcome legislation clearly facilitating DB surplus being used to fund future contributions in separate pension arrangements, including DC and CDC master trusts, subject to appropriate safeguards and agreement between employers and trustees. This can help to link the success of legacy DB with stronger saving and better outcomes in DC and CDC for current and future workforces.

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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. The ACA is celebrating its 75th Anniversary this year.