ASSOCIATION OF CONSULTING ACTUARIES

## PRESS RELEASE

# Tinkering with pensions tax more harm than good - we need long-term stability and sustainability!

**ACA Chair, Stewart Hastie, has commented:**

*"The Chancellor's announcement to limit the benefits of salary sacrifice from 2029-30 is unfortunately another example of tinkering around the edges of the pensions tax system that will cause significant operational and financial headaches for employers and savers and continue to disincentive good quality occupational pensions provision in the private sector. With only some £2.6bn contribution to the State's tax revenue in 2030-31, it doesn't look like a long term solution and could easily be something that over time becomes another stealth tax to phase out salary sacrifice that civil servants and public sector employers don't benefit from.*

*"Far from being a tax just on high earners, a £2,000 limit to salary sacrifice will hit those employees at much more modest earning levels for saving more than automatic enrolment minimums, generally considered to be inadequate – for example, the cap will start to bite for employees earning over £33k a year for those saving at 6% of earnings. Incentivising occupational retirement saving and rewarding those prepared to lock away earnings today for tomorrow is all the more important given the lack of long-term sustainability of the unfunded State Pension that was never designed to provide total replacement income for pensioners.*

*"This tinkering will only continue to feed the cycle of uncertainty and speculation ahead of each budget announcement eroding trust in long-term retirement savings in the UK that we vitally need. Given the Pensions Commission review will begin to outline their thinking and work from next year to tackle the long-term savings adequacy challenges, we really need coherent long-term policy from Government rather than further tinkering where the pain to implement falls on employers and employees."*

## Contacts for further information:

Stewart Hastie, ACA Chair, at stewart.hastie@isio.com or 07799 893797
David Robertson, ACA Secretariat, at david.robertson@aca.org.uk or 020 3102 6763

### 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.