

26 October 2026

quarryhouse.gmpconversionregulationsconsultation@DWP.GOV.UK

Department for Work and Pensions
Caxton House
Tothill Street
London
SW1H 9NA

Dear all

The Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) (Amendment) Regulations 2026

I am writing on behalf of the Association of Consulting Actuaries in response to your consultation on the above regulations.

We welcome this consultation which, alongside the Pension Schemes (Conversion of Guaranteed Minimum Pensions) Act 2022, seeks to resolve a number of benefit and process uncertainties with the current GMP conversion law that have remained unaddressed until now and have to some extent acted as a barrier to GMP conversion being used as a means to resolve GMP inequalities within defined benefit schemes. We welcome, in particular, the clarity now provided as to the post-conversion survivor benefits and the new option for the certification of actuarial equivalence when benefits are being converted individually, typically when an individual retires.

We would like to thank officials at the Department for Work and Pensions for their willingness to involve representatives of the ACA (amongst others) in the formulation of policy and discuss the issues that are being addressed in the 2022 Act and the proposed regulations. As such our comments are relatively minor.

We look forward to when the 2022 Act can be commenced alongside these regulations and trust that, now there is sight of the proposed regulations, this can be achieved expeditiously notwithstanding the need to take forward many aspects of the Pension Schemes Act 2026.

In April 2019 you published statutory guidance on using the current GMP conversion legislation to tackle the GMP inequality issue. It may be useful to update this guidance to reflect the 2022 Act and the 2026 regulations as well as changes to pensions tax legislation that have taken place since then.

We hope that you find the contents of this letter of assistance. We would be happy to discuss them further if that is helpful.

Yours sincerely

Peter Williams

Chair, ACA Pensions Schemes Committee

On behalf of the Association of Consulting Actuaries Limited

peter.williams@aon.com



Legal disclaimer

This document is intended to provide general information and guidance only. It does not constitute legal or business advice and should not be relied upon as such. Responding to or acting upon information or guidance in this document does not constitute or imply any client /advisor relationship between the Association of Consulting Actuaries and/or the Association of Consulting Actuaries Limited and any party, nor does the Association accept any liability to any person or organisation relating to the use of such information or guidance.

Association of Consulting Actuaries Limited
Registered Office: 10 St James Road Wokingham RG40 4RT
Registered in England No. 10184138
Registered under the Data Protection Act ZA330750
Privacy Statement: <https://aca.org.uk/privacy-accessibility-statement/>

Specific consultation questions

General questions

1: Do the draft regulations meet our intention to set the minimum level of survivors' pensions that a scheme must pay post-conversion to at least half of the pension accrued by the member during the relevant period?

We welcome the policy decision that, post conversion, survivors must receive half of the member's post conversion pension accrued during the relevant period (ie when a survivor GMP could have accrued), and not just that portion of the converted pension relating to the survivor GMP. However, although you say, in paragraph 13 of Chapter 2 of the consultation document, that this is not a change from the current position in legislation, it seems to us that there is some uncertainty on this point – which is why the industry has pushed for additional clarity.

The proposed replacement Regulation 27A(2) of the Occupational Pension Schemes (Schemes that were Contracted-out) (No. 2) Regulations 2015 appears to be consistent with your policy intention and is much clearer in delivering the half-pension requirement. In combination with the amendments which would be brought into effect under the 2022 Act it also resolves other uncertainties with the current law including the use of the term “value” when “amount” might have been intended and it not being clear whether “would have been entitled” relates to the pre or post conversion position.

2: Do the draft regulations achieve our intention of simplifying the requirements around entitlement to GMP survivors' pensions while ensuring none of the current entitlement categories are missed?

If you think there are any survivors who would have been covered by the current legislation who are not covered by the draft regulations, please explain who these are.

We welcome the proposed simplification of the circumstances and periods in which survivors' pensions must be paid post-conversion and appreciate the need to ensure that a survivor who would have been entitled to a GMP does not lose entitlement as a result of GMP conversion. Your proposals, set out in paragraph 22 of Chapter 2 of the consultation document, are indeed a simplification of the complex and detailed requirements laid out in Regulation 27A of the 2015 Regulations. The proposed replacement Regulation 27A(3) appears to be consistent with your policy intention.

However, defined benefit schemes, especially those in the private sector, are very unlikely to tie the circumstances in which survivor pensions are payable to entitlement to the social security benefits listed. In practice, those schemes undertaking GMP conversion are likely to provide for a more generous set of circumstances, such as making the entitlement available for life in respect of any widow, widower, surviving civil partner or other adult dependant. It appears that

the proposed Regulation 27A(3) is sufficiently permissive to enable such schemes to do this.

In passing we note that the common private sector practice of applying a percentage reduction to a pension in respect of a survivor who is significantly younger than the member, is not provided for in the proposed Regulation 27A(3) and so schemes that undertake GMP conversion may not be able to do this in respect of post conversion pension accrued during the relevant period (but will be able to in respect of pension accrued outside this period).

3: Does the definition of a ‘relevant person’ as a person who is an employer within the meaning of Part 3 of the Pensions Act 2004 better help schemes identify the parties they need to consult, compared to the existing legislation?

There are a number of difficulties with the current legislation through its reliance on the “employer”, as defined in section 181 of the Pension Schemes Act 1993, having to consent to the GMP conversion with the definition covering only employed earners. We welcome the “relevant person” fresh start being provided for through the 2022 Act.

We support the policy decision that the relevant person should be the person who has a financial responsibility to the scheme at the time that the conversion takes place, as expressed through the scheme’s statutory employers for the purpose of the scheme funding requirements in Part 3 of the Pensions Act 2004.

As such, the proposed Regulation 27B(1) in combination with the amendments which would be brought into effect under the 2022 Act should better help schemes identify the parties they need to consult, compared to the existing legislation.

4: Do the draft regulations achieve the aim of allowing a single employer to act on behalf of the employers as a whole?

Yes, the proposed Regulation 27B(2) appears to allow a single employer to act on behalf of all scheme funding employers, for the purpose of GMP conversion only, but only if all the other employers have given their consent. The proposed structure is somewhat different to its equivalent for scheme funding as set out in paragraph 2 to Schedule 2 of the Occupational Pension Schemes (Scheme Funding) Regulations 2005. In particular, the 2005 regulations enable, in respect of certain matters, for employers to waive their rights, thus allowing for a subset of all the employers to take scheme funding decisions.

We suggest that the regulation should allow for a subset of all the employers (not necessarily only a single employer) to take the GMP conversion decision, just as might be the case for scheme funding decisions. We also note that as currently expressed, non-engagement by a single employer (for whom the GMP conversion issue might not be at all relevant given the passage of time), would prevent the process proceeding.

5: Do the draft regulations achieve the aim of streamlining the certification process for individual conversions?

We strongly support this proposed new option, particularly the aspect that streamlines the actuary's certification responsibility.

One of the drawbacks of the current legislation is that it has been designed for the conversion of multiple GMP rights at the same time. Whilst this was understandable when the aim was to simplify scheme benefits, the legislation does not operate efficiently when its intended use is to resolve the GMP inequality issue, typically just ahead of an individual's retirement.

We agree that the new Regulation 27(7)-(12) of the 2015 Regulations achieves this streamlining.

6: We want to make sure the trustees will review the model before the end of the 12-month period if the assumptions are no longer appropriate. We would welcome views on whether this is incorporated into the regulations and, if so, how it is framed.

We appreciate the issue, but do not see the need to explicitly provide, in the regulations, for the trustees to undertake such a review where, within the 12-month period, the assumptions are no longer appropriate. In practice, despite the actuarial role being one of putting forward a model and certifying its validity (including setting out the circumstances in which it will not be valid) in relation to delivering actuarial equivalence, the individual calculations performed under this model will require some level of actuarial oversight such that where circumstances arise that mean the certificate is no longer valid, the scheme actuary would be expected to bring this to the attention of the trustees.

7: Do the draft regulations sufficiently safeguard members from the risk of differences in assumptions arising over time between the certificate being issued and its being renewed?

We believe that they do given the need to set out the circumstances in which the certificate is no longer valid, along with the 12-month backstop. Furthermore, in many cases the benefit alterations that take place under GMP conversion are likely to be limited in scope, with the post-conversion benefits not differing that materially from the pre-conversion benefits and so not being particularly sensitive to the assumptions used. This is because trustees are likely to be more focused on using GMP conversion to address the GMP inequality issue rather than to use it to create significantly different benefits.

8: Is there any other risk of gamification created by having two different options for ensuring actuarial equivalence between pre- and post-conversion benefits?

We see little, if any, risk of gamification given the nature of the calculations being performed and the reason they are being carried out.

9: Do the draft regulations have the intended effect of providing clarity for schemes currently undertaking or planning to undertake a GMP conversation exercise?

We agree with the transitional provision that schemes that have started the process of consulting their members regarding GMP conversion at the time the regulations come into force would continue using the current legislation unless they choose to reconsult with their members, in which case the amended legislation would apply and this appears to be reflected in the proposed Regulation 1(4). We think it will be necessary to make similar provision in the regulations that commence the 2022 Act.

10: Are there any consequential amendments missing from our draft regulations?

We are not aware of any such missing amendments, but we leave this to others to comment as this is not our area of expertise.

11: Do you agree with our assessment of the costs and savings? Do you have any evidence on costs and savings for your scheme in relation to the new processes/requirements?

We agree that the proposed changes will help to simplify scheme administration requirements, producing tangible savings for some schemes.

In relation to the provision of more generous survivors' pensions than under the current conversion provisions, we do not see this as increasing costs overall because of the operation of actuarial equivalence which applies to the member and their contingent survivor taken as a whole, rather than looking at each party separately. Furthermore, any increase in the value of survivor pensions taken alone is likely to be somewhat limited for the reasons you give.