



ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA Chair highlights consensus on surplus flexibility and opportunities offered by pension review, whilst warning of Budget misstep...

26 September 2024: Speaking at their Annual Industry Dinner at Claridge's attended by guests from across the pensions sector, Stewart Hastie, Chair of the Association of Consulting Actuaries (ACA), said he has found a broad consensus to have greater flexibility for private sector DB schemes in managing the current and future surpluses – and he urged the DWP to include this in the next Pensions Bill. The dinner also heard from Matthew Taylor, CEO of NHS Confederation and former adviser on political strategy to Tony Blair, who joined the dinner 'hot foot' from the Labour Conference.

Stewart Hastie, ACA Chair, said in his speech to the dinner:

"We are at something of an inflection point, where protecting past DB pension promises is no longer the daunting issue it once was. In fact, the universe of DB schemes is now generally well-funded and, in many cases, materially de-risked, and instead we have the opportunity to help make future savings more adequate, more equitable and more sustainable.

"With appropriate safeguards, enabling and incentivising DB schemes to run on and deliver a sustainable stream of future surplus assets can help employers increase investment in their businesses and pension savings for future workers. Getting this right, can also help to bring longer term stability to gilts markets and provide additional tax revenues in the near term.

"While the Government's pensions review – the first stage to which [we responded](#) - is focussed on the LGPS and DC schemes, there is broad consensus to have greater flexibility for private sector DB schemes in managing the current and future surpluses – and we urge the DWP to include this in the next Pensions Bill.

"I can only hope that the decision to make our new Pensions Minister also a Treasury Minister will also help.

"Just as important, I hope we will see policymakers address potential headwinds that can undermine better retirement outcomes. Many of us are concerned about the adverse implications of the Virgin Media case – think of the pain of GMP equalisation, but on steroids. ACA colleagues have been working closely with the APL and SPP engaging with DWP to seek swift Government intervention.

"And of course, next month, we have the spectre of the Chancellor's first Budget with growing concern that pensions tax relief will be impacted. Along with others, [we have made representations to the Treasury](#). Our principal call – as it has been for several years – is that, 'yes', we recognise

Government is entitled to review pension tax measures in the context of the country's finances "but" – and it is a big "but" - 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 second stage of the forthcoming Pensions Review is seeking to address.

"Finally, I hope the new Government will proactively support and enable the various innovations, like multi-employer CDC and sidecar savings, that many of us in the pensions industry would like to see support a better savings environment and better outcomes for all.

"So, I think the Government has a real opportunity to deliver meaningful change - adequately meeting both private and public pension aspirations, and outcomes for present and future generations."

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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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