ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE: IMMEDIATE

ACA says it supports full development of CDC schemes, which should be a legislative priority over the next year

27 March 2023 – The Association of Consulting Actuaries (ACA) has welcomed the DWP's consultation on Extending Opportunities for Collective Defined Contribution (CDC) pension schemes. The proposed extensions will allow a much wider range of people to have the option to accrue or purchase a CDC pension, enabling them to access the benefits of CDC outlined in the Ministerial Foreword to the consultation. Whilst there is a packed legislative timetable, further development of CDC should be high in government priorities.

The ACA's **response** however makes several key points on the proposals, saying:

- The application of the charge cap should be more closely aligned with DC.
- The existing legislation should be made more flexible. Designs which can vary accrual rates or contribution levels should be allowable within a single section as long as actuarial consistency is maintained.
- The winding-up process should be simplified. Our preferred approach would be based upon members' benefits being de-collectivised as the point that wind-up commences.

Commenting on the consultation, ACA Honorary Secretary, Chintan Gandhi said:

"We strongly support the DWP's plans to legislate for both whole-life multi-employer CDC schemes and decumulation-only CDC solutions. This will bring CDC to the masses."

ACA Chair Steven Taylor, said:

"Timing is now of the essence to build up critical mass for CDC. This means that in bringing its plans to fruition, Government should take great care take not to impede timely development of multi-employer models that are very similar in nature to schemes now possible under the single employer model and so would require only minor regulatory change.

"Whilst there is a packed legislative timetable, further development of CDC should be high on Government priorities for the coming year."

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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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