



ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE

ACA summary of parties' manifestos critical of omissions on private pensions and savings issues

27 November 2019: In October, the Association of Consulting Actuaries (ACA) announced a manifesto of policy proposals that we wanted to see in the political parties' manifestos – this is summarised on pages 4 – 5 of the special General Election [Placard](#), published today. The issue also includes summaries of the pensions, savings and social care commitments made by the parties to date in their manifestos. However, as the parties focus on how to engage the electorate – predominantly, it seems, by promising significant increases in public spending – private pensions and incentives to save have taken a decidedly background role. It is unclear what impact these spending commitments will have on the pensions and wider savings market.

As such, the majority of ACA calls for pensions and savings actions are unanswered by the parties. Notably, there is:

- **No clear commitment to increasing automatic enrolment minimum contributions to boost pension outcomes for millions of employees in the future;**
- **No mention of extending pension freedoms to younger people to help with house deposits (with appropriate safeguards); and**
- **No proposal for simplification of the defined benefits pensions regime.**

The ACA is pleased, however, to see the commitment by a number of parties to ensure that workers in the 'gig economy' will receive rights to a pension. The results of our *2019 ACA Pension Trends Survey* showed that gig economy workers make up 5% or more of the total workforce for over 20% of employers.

On **pension taxation**, the Conservatives give no commitment to sort out the problems presented by the taper beyond addressing the problem in the NHS – which is disappointing. However, the Green Party 'alternative' of much reduced reliefs would be less attractive to most affected by the taper at the moment! The other parties seem unfriendly to any solutions here that reduce the tax take.

Big commitments for the elderly

Whilst a number of parties commit to compensating those who are judged to have had insufficient notice of changes to **State Pension Age** (with Labour announcing a huge £58bn post-manifesto compensation package 'offer' to WASPIs), we note with interest that the Labour Party also propose to scrap planned future increases and maintain the current age of 66.

We are concerned about how long any commitment to a particular age can last before the cost becomes unsustainable and the pension age must once again be linked to improvements in longevity. The increases to date have in no way kept pace with general longevity improvements since 1945.

The **triple-lock** is also secure with the main parties all supporting its continuance, and we are disappointed to see a continued commitment to this policy which increases the intergenerational income growth differences by dint of the pensions system. However, given the political sensitivity of this policy and the weight of voter numbers approaching and in retirement, the commitment to it is perhaps unsurprising.

On **social care**, we welcome the extra investment promised and agree with the views expressed that cross-party discussions would be useful in trying to find a package of policies to address this growing long-term problem.

The ACA's own 7-point Manifesto called for:

- 1. A fresh boost to auto-enrolment (AE), including increasing minimum AE contribution rates and widening coverage during the next Parliament**
- 2. An extension of pension freedoms to younger savers (subject to appropriate safeguards and incentives) to promote intergenerational fairness**
- 3. Significant simplification of the pension tax regime, with clear policy goals and extensive consultations to minimise unintended consequences**
- 4. Legislation to facilitate the wider simplification of DB schemes, with GMP equalisation/conversion providing the perfect catalyst**
- 5. A long overdue intergenerational commitment to a better social care regime**
- 6. State Pension sustainability with replacement of the 'triple lock'**
- 7. Clarity over the State Pension Age, to help people plan for their retirement/later life'**

ACA Chair, Jenny Condon, commented when launching the ACA manifesto that:

"We need our politicians to seek some greater stability and long-term thinking over the various pensions, savings, social care and tax regimes and – ideally – with a desire to identify some consensus across the parties akin to that enjoyed in respect of the pensions auto-enrolment policy over the last decade.

"They should broadly map out key plans for savings, pensions and social care for the next Parliament and beyond – it's simply not right if changes of approach and tough decisions are hidden away in the long grass. This just leads to the public growing ever more disillusioned when the policy rabbits appear out of the hat post-General Election".

Placard is available from the ACA website at www.aca.org.uk and [here](#)

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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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