ASSOCIATION OF CONSULTING ACTUARIES

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ACA Statement on Pensions Review Announcements

29 May 2025: Commenting on the latest Government Pensions Review announcements, Stewart Hastie, Chair of the Association of Consulting Actuaries (ACA) said**:**

"We welcome the opportunity to comment and shape the latest raft of pension reforms designed to provide enhanced value for pension savers whilst also looking to boost UK investment performance.

"On surplus release, we have been vocal in our support for reforms here and are pleased to see that proposals that will allow trustees and sponsors to release surplus on an ongoing basis helping to create a level playing field across all schemes. We look forward to reviewing the detailed legislation and regulatory guidance in due course to promote a flexible regime that builds on scheme specific funding and incentivises schemes to develop a long-term sustainable plan for investment and surplus release with appropriate safeguards for members' benefits. In particular, the legislation together with Pensions Regulator guidance will need to bring clarity to trustees and sponsors to conclude how and when surplus release is appropriate.

"We also would like to see the Government bring forward the necessary pensions tax reforms to increase flexibility on how surplus is used – for example, making it easier to use DB surplus to fund current employee pensions in another trust; and paying lump sum benefits to members of DB schemes that could be more meaningful and less risky than increasing lifetime pensions."

ACA DC Committee Chair, Tess Page, added:

"We support consolidation "done right", in order to address fragmentation and seek to improve outcomes for savers. The announcements on scale tests, and the timeframe for meeting the tests, will bring a sharp focus to providers – and not all will survive. We view as positive that there will still be a route for innovators to enter the market.

"We acknowledge and welcome the desire not to burden employers by imposing new obligations on employers in relation to pensions oversight, but time will tell whether we see the required shift away from cost to value. In this vein, we consider the proposed Government review in 2029 of the impact of the VFM framework, contractual override

provisions, and other reforms will be helpful in testing whether the best outcomes for members are being achieved and adapting the roadmap of change if necessary."

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.

Association of Consulting Actuaries Limited · Second Floor · 40 Gracechurch Street · London · EC3V 0BT
Tel: +44 (0)20 3102 6761 · Email: acahelp@aca.org.uk · Web: www.aca.org.uk
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