



PRESS RELEASE

ACA SAYS TPR DB CODE CONSULTATION LEAVES ‘MUCH HANGING IN THE AIR’

3 March 2020: The Association of Consulting Actuaries (ACA) has welcomed the consultation issued today by the TPR but noted that much remains ‘hanging in the air’ until the outcome of the second consultation is published.

ACA Chair, Jenny Condron, commented:

“We are completely supportive of TPR’s goal for the development of clear long-term strategies and getting documented support for these by trustees and sponsors. However, given the ambition of the consultation, it seems light on detail on TPR’s preferred Fast Track parameters, most notably how covenant is assessed as it has a direct impact on Technical Provisions and Recovery Plans under Fast Track. This will be unhelpful for trustees, sponsors and advisors looking for insight on how to navigate through current and upcoming valuations ahead of the new Funding Code being put in place.

“I can see a lot of schemes going down the Bespoke route, for example anyone with a contingent asset, so there will be concern about TPR’s capacity to deal with all these valuations efficiently.

“There is also the need for carefully considering the unintended consequences of moving away from the UK’s scheme specific approach and creating a prescribed fast-track approach for the majority of schemes.

“Crucially, the new regime puts the onus on trustees to demonstrate their compliance, rather than for TPR to challenge non-compliance. This is helpful for improving outcomes, but scheme sponsors will be concerned about what is expected of them at the outset. In particular, it is not clear how the balance of powers will evolve between sponsors and trustees when setting the long-term strategy. The consultation is also silent on how TPR plans to enforce the Code – this is left until the second consultation, once the Pension Schemes Bill has passed its legislative stages.”

Further details:

Jenny Condron, ACA Chair at jenny.condron@mercer.com - 01483 777053

Steven Taylor, ACA Hon Sec at Steven.Taylor@lcp.uk.com - 07785 907425

Chintan Gandhi, ACA PR Committee Chair at chintan.gandhi@aon.com - 01372 733322

David Robertson, ACA Secretariat at david.robertson@aca.org.uk – 020 3102 6761

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.

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.