ASSOCIATION OF CONSULTING ACTUARIES

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Date: 3 October 2023

To: HMRC at policypensions@hmrc.gov.uk
and Catherine Batey at pensions.policy@hmrc.gov.uk

Dear All

Abolishing the pensions lifetime allowance: comments on draft Finance Bill legislation

We are writing on behalf of the **Association of Consulting Actuaries (ACA)** in response to the consultation on Abolishing the pensions lifetime allowance[1] published on 18 July 2023. This letter expands on the final point in the introduction to our letter of 12 September. We assume HMRC welcomes this input despite the formal consultation being closed.

Members of the ACA are all qualified actuaries – mainly Fellows of the Institute and Faculty of Actuaries. All actuarial advice given by our members is subject to the Actuaries' Code. Members provide advice to thousands of employers and pension schemes – with total assets exceeding £1 trillion – including most of the country's largest schemes – and increasingly consulting actuaries are now involved in a wide range of additional areas. We are therefore responding in the capacity of a representative body for professional advisors who provide advice to a range of occupational pension schemes.

Modification regulations

In our letter of 12 September, we highlighted that changes in legislation will create changes to options and rights in schemes which will (potentially randomly) depend on particular wording in the scheme documentation. This could be references to the LTA, or BCEs or how the ability to commute pension for cash happens to be framed by reference to Finance Act terms etc. We asked to have a pair of protective regulations akin to the two at A-day.

The ACA pensions tax committee has continued to consider this; and we note that some schemes have already started to take legal advice on amendments that might be necessary to avoid unplanned changes to benefits, albeit these are generally on the very obvious definable important references to LTA in their deeds (e.g. a cap). What this emphasises to us is that if the requested regulations are going to happen this needs to be done urgently and with early public acknowledgement. If HMRC/DWP can confirm regulations/bill provisions are being seriously considered (and in a way that means they would be effective from 6 April 2024), and indicate

[1] https://www.gov.uk/government/publications/abolishing-the-pensions-lifetime-allowance

broadly what they might cover, this could considerably simplify (or at least make consistent) the task for legal advisers, could save scheme costs, and focus the trustee/employers' work on decisions of policy rather than specific details of accidental outcomes from wording.

We would be happy to discuss this matter further. Please contact Kirsty Cotton on 01737 274496 (Kirsty.Cotton@wtwco.com) or Jillian Pegrum on 01252 768175 (jillian.pegrum@aon.com).

Yours sincerely

Kirsty Cotton FIA
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of the Pensions Taxation Committee

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of the Pensions Taxation Committee

On behalf of the Association of Consulting Actuaries Limited

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