

PRESS RELEASE

ACA calls for more workable DB surplus payment conditions and inclusion of schemes in wind-up

7 September 2026: The Association of Consulting Actuaries (ACA) has welcomed HMRC proposals to enable defined benefit pension schemes to make direct authorised member surplus payments (AMSPs) but has called for key rules to be reconsidered to ensure the new flexibility works in practice, including the proposed restrictions on schemes winding up and requirements imported from employer surplus payments.

[ACA response to defined benefit pension scheme surplus payments to members](#)

Kirsty Cotton, Chair of the Pensions Taxation Committee for the ACA, commented:

“As well-funded ongoing DB schemes gain the flexibility to return surplus to employers, it is only right that members should also have a workable route to receive a share of surplus directly. However, trustees of schemes winding up would welcome a similar option. Excluding these schemes risks cutting off that flexibility at exactly the point when trustees may have much greater certainty over what surplus is genuinely available. Removing the option of making a straightforward taxable payment at that stage could drive schemes towards less flexible alternatives.”

“We are also concerned that the proposed process for paying members appears to have been imported wholesale from rules designed for payments to employers. If applied literally, the apparent requirement to pay potentially thousands of members within five working days would be impractical and risks undermining the purpose of the reform. The rules should support, rather than constrain, sensible decisions to share surplus with members.”

In its response, the ACA calls for a rethink of the proposed ban on making new member surplus payments once a scheme has started winding up, on the basis that trustees may only know how much surplus is genuinely available late in the process, once benefits have been bought-in and remaining costs are clearer.

Blocking payments at that stage could push schemes towards increasing insured benefits instead, it argues, potentially leaving members waiting longer to benefit from surplus and delaying tax receipts for the Exchequer.

The ACA response also recognises that AMSPs should be subject to funding requirements broadly consistent with those for employer surplus payments but warns that, as drafted, the proposed legislation could import ill-suited requirements from the employer surplus payments regime.

The ACA is specifically calling for requirements around notification, actuarial certification and timelines on making payments to be reconsidered in the context of AMSPs to avoid

creating an unnecessarily onerous process that could discourage trustees from using the new flexibility.

The ACA is also seeking clarification from HMRC on how AMSPs should be treated where a member cannot yet receive an awarded payment and subsequently seeks to transfer their benefits or their scheme moves towards wind-up.

As these payments may not fit readily within existing benefit structures, the ACA warns that receiving schemes could face practical difficulties in accepting them. It is therefore asking HMRC and DWP to ensure there is a workable mechanism for these rights to be transferred or secured without unintended tax consequences.

Kirsty Cotton added:

“The regime must also function when circumstances change for members. An AMSP awarded while a scheme is running should not become a practical barrier if a member later transfers to another scheme, or if the scheme needs to transfer or insure its benefits. HMRC and DWP must ensure the rules do not leave those entitlements difficult to accommodate when benefits move elsewhere.”

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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. The ACA is celebrating its 75th Anniversary this year.