ASSOCIATION OF CONSULTING ACTUARIES

ACA NEWS

4 March 2024

Here is our periodic brief for ACA members summarising activities, responses made to consultations and events we have planned over the period ahead.

NEXT ACA SESSIONAL MEETING

Wednesday 20 March 2024: 5.30pm at St.Ermin's Hotel, Caxton Street, London SW1 (immediately following the AGM at 5.20pm).

The meeting will take the form of a debate on:

"This House believes that CDC is the best available option left to secure a secure comfortable retirement income for future workplace generations."

Our debaters will include: Chintan Gandhi, Aon (proposer) and Steven Taylor, LCP (seconder) with a speaker from the ABI (opposer) and David Hutchins, Alliance Bernstein (second opposer).
Debate Chair: Venetia Trayhurn (Law Deb).

Registration paperwork has been issued to members via ACA contacts on 29 February 2024 or, if you usually register direct, contact tracey.gleed@aca.org.uk to book for the meeting (and dinner - £70+VAT).

VIDEO RECORDINGS ON ACA WEBSITE OF GATWICK CONFERENCE PLENARY SESSIONS – SLIDES ALSO AVAILABLE

The **2024 Gatwick Sofitel Conference** on **8/9 February 2024** attracted over 200 attendees and received excellent feedback on both the topics covered and the venue.

Recordings of the three plenary sessions are now available on the ACA website covering economist, **Roger Bootle's review of UK and Global economic prospec**ts and panel meetings on the **DB Funding Regulations and Code** and the **Mansion House agenda**. To access the recordings, click **HERE** and login (**member** (left box) and **stochastic** (right box)).

Slides of the Roger Bootle presentation and all the seminars where they were made available by speakers can be accessed **HERE** (same login as above).

The plan for 2024 is for the ACA to also run **three evening Regional Meetings** in Scotland, the North and Midlands in the Spring (ideally after the DB Code is finally published) and then a **Web Conference** in the Autumn of 2024 open to all members broadly on the same basis as in 2023, with a spread of seminars and topics organised across a fortnight.

Our plans are that the **in-person Conference** will be in **Manchester** in 2025.

SURPLUS EXTRACTION and OTHER ACA CONSULTATION RESPONSES

The DWP has recently published its latest consultation following on from the Chancellor's Autumn Statement. With a response date of 19 April 2024, the consultation titled *Options for Defined Benefit Schemes*, covers proposals on the extraction of DB surplus and explores the idea of a public sector consolidator. **The ACA will be responding in detail to the consultation** and ACA Chair, **Steven Taylor**, gave an initial comment on the consultation as follows:

"The ACA will be consulting members' views widely on today's important consultation. On 'surplus extraction', we believe the right questions are being asked, for example around possible overrides to scheme rules where they are currently a barrier to efficient outcomes. However, under any approach, we will want to see that there is the flexibility available to sponsors and trustees to make decisions that best suit their scheme specific situations and protect savers. A key consideration must be that members' benefits remain suitably protected whilst clarifying for all schemes the pathways that are available to allow for surplus extraction where this is appropriate.

"On a future public sector consolidator, there is a key need to ensure that the outcome does not risk undermining already well-functioning commercial market solutions that might offer better outcomes for scheme members and sponsors. The proposal in offering opportunities to a wide range of schemes appears far broader than initially expected and will require particularly close examination. For example, there is a need to ensure measures do not introduce, to members' detriment, a "get out clause" to avoid implementing the appropriate long-term strategies and journey plans that are now expected in well run schemes that are well able to achieve buyout over a reasonable timeframe. Proposals that result in simplifying benefits, whilst well intentioned, would also necessarily create winners and losers among scheme members and these trade-offs will need to be scrutinised."

More recently, the PPF has outlined its initial thoughts on how a public sector consolidator could be structured. You can read more about the PPF proposals in this document. They are looking to work collaboratively with stakeholders to develop their proposition over the course of the consultation period.

Here are links to recent responses to other consultations that may be of interest to you:

22 January 2024: Evidence call on Looking to the future: greater member security and rebalancing risk (see below for summary of response)
5 January 2024: Evidence call on Fund Clearing Exemption

'POT FOR LIFE' RESPONSE RAISES QUESTIONS

The key points made by the ACA on the "pot for life" initiative outlined in the DWP evidence call on *Looking to the future: greater member security and rebalancing risk*, which we responded to in late January, were:

- The new infrastructure required across multiple areas (administration, technology, regulation, protections, and safeguards for members, etc) will be significant. We worry this is a distraction. Given the range of other important initiatives in flight (dashboards, new VFM framework, further development of CDC, small pot consolidation, etc) we believe it would make more sense to focus current attention on making good progress in these areas.
- We agree that engagement levels increase when savings pots are larger but have concerns that people may select based on familiarity or using a purely price or short-term performance lens, without thinking more holistically about future outcomes.
- A move away from employer sponsored arrangements will reduce employers' engagement with retirement saving.
- How will the regulators ensure that lack of competition and potentially heavy marketing to individuals does not result in poorer outcomes for members.

Tess Page, ACA DC Committee Chair, commented: *There is a risk that "pot for life" prompts employers to view workplace pensions as less important, whilst also bringing a new set of risks around mis-selling and scams. We recognise a need to test the status quo of the workplace pensions framework but given the sheer number of initiatives in flight it feels that policy priorities should lie elsewhere."*

COMING SOON…

Come what may, we are less than a year away from the next General Election and inevitably pension bodies are outlining what they'd like to see the political parties committing to in their manifestos and more detailed policy proposals that lie behind broad commitments. The ACA is finalising its **2024 Pensions and Savings manifesto** and will be launching this is March.

As in previous election years we will also be testing the parties' proposals in the pensions and savings areas against our manifesto and summarising the various manifesto commitments each of the parties make in our General Election *Placard*.

Upcoming meetings and events:

29 April 2024: In-person Sessional at St Ermin's
22 May 2024: Web Sessional Meeting (CMI presentation)
Summer 2024: Regional Meetings in Leeds, Scotland and Birmingham (dates tbc)
26 June 2024: In-person Sessional Meeting at St Ermin's
5 September 2024: In-person Bloomfield Commemorative Sessional Meeting + YMG Reception at St Ermin's
24 September 2024: ACA Dinner at Claridge's
October 2024: Web Sessional Meeting and Web Conference
28 November 2024: In-person Sessional Meeting at St Ermin's

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