



NEWS RELEASE

The ACA says the latest NAPF findings confirm the Government was far too timid in the pension reforms enacted (or rather not enacted) in 2008...

ACA CALLS FOR URGENT GOVERNMENT ACTIONS TO HOLD ONTO QUALITY PENSIONS

23 January 2009: The financial stresses of recession will inevitably drive more sponsors to decisions to close final salary pension schemes to new entrants and future accrual – the warning signs that this would happen have been flagged up by our members, even without the added financial pressures of the last few months, says the Association of Consulting Actuaries (ACA). It is therefore unsurprising that the NAPF survey issued today has echoed the surveys we have undertaken¹, albeit the acceleration in closures it predicts is extremely worrying for private sector employees.

Keith Barton, ACA Chairman commented today:

“This is why the ACA argued so forcibly during the passage of the *2008 Pensions Bill* (as it then was) for an early and urgent easing in defined benefit legislation, so sponsors could offer lower cost defined benefit schemes from 2009. Our proposals would have given sponsors greater flexibility to hold down costs in difficult economic times, whilst offering to members a more stable benefit platform than that offered by defined contribution. “

“That view was strongly supported and echoed by other pension bodies, including the NAPF, as well as the CBI. The eventual concession made by the Government to undertake a Risk Sharing consultation came too late in the legislative process and, the disappointing outcome of that review, regrettably re-confirmed the Government’s record in being consistently behind the game in protecting and furthering quality pension arrangements.

“With the opportunity to update legislation missed in 2008, other than at the fringes, it now seems likely that the next opportunity for significant pension reforms (beyond the detail of Personal Accounts) may have moved out to 2010 or 2011, very probably until after the next General Election. One thing is certain. If we have to wait that long, there will be very few private sector employees who are accruing pensions in defined benefit schemes.

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¹ See Note to Editors

“It is important, however, that the fragile economic position the country is in should not drive yet more short-term decision making in respect of what should be a longer-term approach. The role of the Government and the Pensions Regulator are of vital importance at this time. A firm lead needs to go out from both to sponsors and trustees that makes it clear that the best interests of pension scheme members will in most cases be delivered by trustees and sponsors working together to ensure sponsors are able to continue to support ongoing defined benefit schemes.

“The ACA supports the NAPF action plan outlined today and calls on the Government to enter into urgent talks with pension and business bodies to act on these and other imaginative proposals.”

For further details:	Keith Barton	01727 888642 (M: 07961 021205)
	Steve Leake	01483 540300 (M: 07796 308117)
	David Robertson	020 7382 4594 (M: 0777 4499611)

Note to Editors:

About the Association of Consulting Actuaries (ACA)

The **Association of Consulting Actuaries (ACA)** is the representative body for consulting actuaries, whilst the Faculty and Institute of Actuaries are the professional bodies. The ACA has over 1650 members working in around 80 firms. ACA Members are all qualified actuaries and are subject to the code of professional conduct of the Faculty and the Institute of Actuaries. Advice given to clients is independent and impartial. The ACA forms the largest national grouping of consulting actuaries in the World.

ACA survey exposes huge decline in pension provision

The **Association of Consulting Actuaries (ACA)** *2008 Smaller Firms Pension Survey* found 91% of defined benefit schemes in smaller firms (250 or fewer employees) are closed to new entrants with 48% also closed to future accrual for existing employees (survey of 394 employers conducted in June 2008). The survey underscored that 80% of smaller firms, employing 59% of the working population, now offer no workplace pension scheme. For further details see www.aca.org.uk (publications or research pages).