

PRESENTATION 18.01.07

THE PENSIONS BILL

- Charles Young
- ACA Pension Schemes Committee

Contents

- State pensions
- Personal Accounts Delivery Authority
- Occupational scheme miscellanea

Basic State Pension

- Reduction in number of years' earnings needed to qualify for full pension
 - From 44(m)/39(f) to 30 years
 - Pro-rata pension for those with fewer years
- BSP to be uprated in line with earnings
 - From no later than end of next Parliament
 - Also to apply to the standard minimum guarantee

S2P accrual

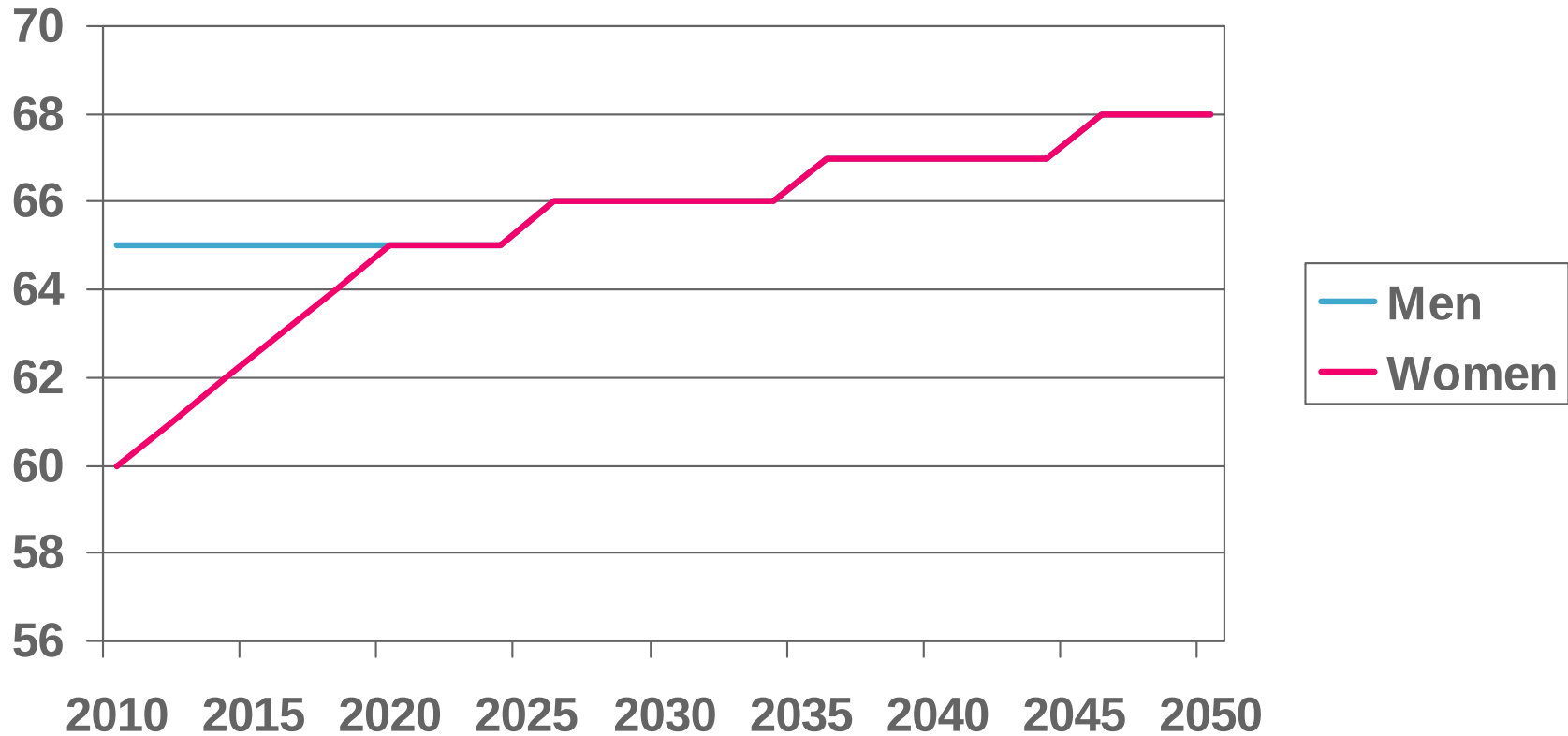
S2P (after full working life)



Other S2P changes

- S2P changes will affect contracting-out rebates
- Improved S2P entitlement for the disabled, recipients of child benefit and other carers
- Abolition of contracting out for DC schemes
- Ability to convert GMPs to scheme pension
 - Must provide equivalent value, and post-1990 will have to be sex-equalized

Increase in State Pension Age



Personal Accounts Delivery Authority

- At a distance from government
- Remit (for now):
 - Provide advice and recommendations to Government, helping it to think through operational and commercial implications of its policy options
 - Formulate a commercial strategy for the personal accounts scheme

Other measures

- Simplified one-stage dispute resolution procedures to be permitted
- Removal of Secretary of State's role in approving actuarial guidance

What the ACA thinks

- State pension reforms are too complex
 - Too many people on means-tested benefits in 2050
- Risk of personal accounts undermining existing schemes
 - Need for pension deregulation
 - Need to promote risk-sharing schemes

THANK YOU

Any questions?
