



NEWS RELEASE

As Reports continue to underscore the loss of quality workplace pensions in the private sector...

ACA CHAIRMAN SAYS PUBLIC EXPECT IMAGINATIVE POLICIES TO PROMOTE QUALITY PENSIONS IN THE PRIVATE SECTOR – REFORMS TO MPs PENSIONS COULD BE MODEL

1 July 2009: Speaking at a meeting of the All-Party Parliamentary Group on Occupational Pensions, Keith Barton, Chairman of the Association of Consulting Actuaries (ACA), said that in the run up to the General Election, the public and pensions industry would be examining the seriousness of politicians in developing imaginative policies designed to reinvigorate quality workplace private sector pensions. Personal Accounts have their place in extending pension coverage, but their development should not disguise the paramount need to promote quality pension provision across the private sector.

Keith Barton noted that:

“For the last five years we have been commending to Government and both Houses that there should be new ‘middle way’ occupational pension solutions available to employers which sit between defined benefit and defined contribution arrangements. These schemes would provide reasonably predicible levels of retirement income for members but which would be free from some of the burdensome guarantees which have led to the demise of current schemes.

“In other words, ‘middle way’ schemes would provide greater certainty of benefits for members compared with defined contribution and greater certainty of costs for employers than current defined benefit schemes. And, importantly, they recognise the efficiencies in collective schemes that can add anything up to 40 per cent to pension outcomes as compared to individualised defined contribution contracts.

“We warned last year, during the passage of the then *Pensions Bill* that without such reforms, there would be more closures of defined benefit schemes, with employers invariably choosing defined contribution as their new arrangement.

“We suggested a means by which current legislation could be quickly amended so employers would have access to a new middle way option. That amendment was not about abandoning pension increases, as some have suggested, but recognised that

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 1700 members working in around 75 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.