



New ideas and approaches from government and the pensions industry are needed to meet the challenges of the 'pensions crisis'...

'IMAGINATION IS OUR INSURANCE POLICY FOR THE FUTURE', SAYS ACA CHAIRMAN

1 May 2003: We need to look afresh at how we can encourage employers and employees to commit to pension savings in a changing world. An open minded, imaginative and 'listening' approach is essential, rather than defending failed policies.

Speaking to this theme at the Annual Chairman's Dinner of the Association of Consulting Actuaries (ACA), Gordon Pollock, ACA Chairman, said:

"Consulting Actuaries have a long tradition of engaging with government departments, discussing issues relevant to their work on behalf of their clients, employers and trustees. This process involves pointing out the costs as well as benefits associated with Government proposals.

"For example, when ACT relief was removed in 1997, the ACA responded immediately by sending out a briefing paper to all MPs warning of the likely impact on both occupational and personal pension schemes and many MPs relied on the briefing during the budget debate. This identified higher costs, final salary closures and reduced equity investment as likely consequences, all of which have since come to pass.

"But, the Government – as so often over the last twenty-five years – was not in 'listening mode'.

“It took less than five years for the political ‘consensus’ that gave rise to the 1975 Social Security Pensions Act to collapse. Since then, successive Governments have tinkered with both state and private provision – usually ignoring the advice of actuaries, other pension professionals and employers - with such myopic short termism that long term financial planning has become increasingly difficult. Governments create the environment in which pension planning can thrive or decline, not actuaries”.

“It is therefore very worrying that at such an important time for pensions, when we need an imaginative and listening government, we are told state pension reforms are ‘not open for discussion’. Just as worrying, radical policies designed to boost private occupational pensions are also nowhere to be seen – the Green Paper fell a long way short of being radical.

“The ACA alongside many other bodies has called for genuine incentives to boost occupational provision, and our members are working with employers and trustees of schemes to imaginatively re-shape pension arrangements so they can meet the needs of employers and members into the future. The introduction of career average defined benefit schemes is one example. But better financial incentives and major reductions in red tape are also essential.

“Let us hope that the new Pensions Minister, whenever he is appointed, will look again at state and private reforms. He or she will need to be brave and imaginative – in pensions as in so many other areas, ‘imagination is our insurance policy for the future’ to make sure millions of our citizens retire in comfortable circumstances long into the future,” concluded Gordon Pollock.

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Note to Editors:

Members of the **Association of Consulting Actuaries (ACA)** are advisers to UK pension schemes with assets in excess of £650 billion, including the vast

majority of larger schemes and thousands of smaller arrangements. The ACA forms the largest national grouping of consulting actuaries in Europe.