

St Clement's House, 27-28 Clement's Lane, London EC4N 7AE
Tel: +44(0)20 3207 9380 Fax: +44 (0)20 3207 9134 Email: acahelp@aca.org.uk
Web: www.aca.org.uk



Workplace pensions: 2011 ACA Pension trends survey

Statistical Supplement

Survey conducted by the Association of Consulting Actuaries

PUBLISHED – 3 January 2012

Statistical Supplement: the ACA 2011 Pension trends survey results

The survey was conducted by the Association of Consulting Actuaries (ACA) in the summer of 2011 for online completion and was circulated to UK employers of all sizes, selected on a random basis. Responses were received from 468 employers running over 560 pension schemes. This survey report focuses on general workplace pension trends, including contribution levels by private sector employers and members, views on auto-enrolment and other pension reforms.

Figures in (brackets) are where comparable 2009 figures are available from a previous ACA *Pension trends* survey. In some cases the comparable data is with surveys on auto-enrolment conducted in 2010. Where this is the case, it is indicated.

Employers responding to the survey

Table 1

Breakdown of employers responding to survey (by number of employees)

Up to 49 employees	50-249 employees	250-4999 employees	5000 employees +
38%	23%	20%	19%

Table 2

A. Type of pension arrangement offered by employers, value of scheme assets and participation rates

Type of pension scheme (if any)	Percentage of employers with schemes	% Closed to new entrants	% Closed to new entrants and future accruals/contributions	Total Asset Values (£bn)	Average of eligible employees in membership
Final salary scheme	36%	54% (69%)	37% (18%)	£88.5	70%
Career average scheme	5%	20% (25%)	- (-)	£5.8	65%
Cash balance	2%	-	-	£0.2	61%
Mixed DB / DC	8%	40% (10%)	19% (-)	£11.1	64%
Trust based DC	26%	21% (14%)	10% (5%)	£9.4	56%
Group Personal Pension	39%	2% (4%)	2%	NK	54%
Stakeholder	27%	3% (-)	-	NK	45%
No scheme	16%	-	-	-	-
All Schemes	-	-	-	£114.7	

(NK: the majority of respondents did not disclose or were unaware of total assets held)

B. Types of pension arrangements run by employers with schemes responding to survey

	Up to 49 employees	50-249 employees	250-4999 employees	5000+ employees	All Employers
Defined benefit scheme only	2%	4%	4%	14%	5%
Defined benefit + contribution	15%	36%	58%	67%	41%
Defined contribution only	83%	60%	38%	19%	54%

Recent trends in benefit provision

Table 3

What structural pension changes have employers made in the last few years?

	Last year	Last 5 years
Closed defined benefit scheme to new entrants	7% (6%)	28% (43%)
Closed defined benefit scheme to future accrual	21% (7%)	11% (8%)
Concluded part of full buy-out/buy-in of defined benefit scheme	5% (3%)	2% (-)
Reduced defined benefit accrual	9% (7%)	10% (7%)
Moved from RPI to CPI	19%	-
Increased normal retirement age	8%	9%
Introduced lower pensionable income level	3%	-
Closed trust based defined contribution scheme	7%	3%
Opened trust based defined contribution scheme	-	1%
Opened GPP or Stakeholder	13%	17%
Increased employer contributions into defined contribution scheme	4%	5%
Opened mixed DB/DC scheme	2% (2%)	2% (4%)
Amended early retirement terms	11%	12%
Established a flexible benefits package	4% (3%)	6% (8%)
Introduced salary sacrifice arrangements	17%	22%

Rapid change in retirement ages expected

Table 4

Retirement age: what is the typical retirement age from your organisation at present and how is this expected to change by 2020?

	At present	By 2020
Below age 60	13%	1%
Age 60	11%	2%
Age 61 – 64	24%	13%
Age 65	46%	26%
Age 66	2%	20%
Age 67	3%	22%
Age 68	1%	10%
Age 69	-	3%
Age 70 and over	-	3%

Table 5

Will the removal of the Default Retirement Age lead to employers offering better pension schemes as a means to 'encourage' older employers not to work on?

Yes	No
8%	92%

Scheme membership

Table 6

Over the last 3 years has the proportion of existing employees leaving pension schemes increased?

Yes, significantly	Yes, marginally	No
9%	12%	79%

Table 7

Employers offering pension arrangements: opinions on why employees do not join

	Very strong reason	Strong	Not that important	Unimportant
Lack of interest	16%	58%	22%	4%
Cost – cannot afford	41%	51%	8%	-
Prefer to spend income	18%	71%	11%	-
Have own personal pensions	8%	16%	33%	43%
Prefer non pension savings	9%	27%	45%	19%
Disillusioned with pensions	25%	36%	32%	7%

Table 8

Reasons why employers do not provide pension schemes or an employer's contribution

	Very strong reason	Strong	Not that important	Unimportant
Cost	84%	10%	6%	-
Economic conditions in your industry	47%	41%	6%	6%
Employees say they prefer non pension benefits	29%	36%	21%	14%
Inappropriate because of employee turnover	7%	29%	21%	43%
Insufficient competitive pressures	13%	33%	14%	40%
State pension is adequate	9%	1%	9%	81%

Scheme reviews

Table 9

Timing of any reviews of pension arrangements

	Yes, in last 12 months	Yes, currently	Will do so in next 12 months	No review
Up to 49 employees	18%	8%	16%	58%
50 - 249 employees	17%	9%	26%	48%
250 – 4999 employees	18%	16%	18%	48%
5000 employees and above	21%	14%	20%	45%
All employers with schemes	19%	11%	19%	51%

Targets for pension costs

Table 10

Do employers have a target as to what their spend on pensions is (as a percentage of payroll)

	Up to 49 employees	50 - 249 employees	250 – 4999 employees	5000 employees and above	All employers
No	55%	48%	40%	39%	47%
1 – 3%	17%	13%	7%	1%	10%
4 – 6%	16%	17%	14%	11%	14%
7 – 8%	3%	7%	6%	10%	6%
9 – 10%	6%	14%	4%	6%	8%
11 – 13%	3%	1%	11%	12%	7%
14 – 15%	-	-	10%	10%	4%
16% +			8%	11%	4%

Table 11

Overall, are employers trying to increase or decrease their spending on pensions?

	Increase	No change	Decrease
Up to 49 employees	12%	85%	3%
50 - 249 employees	26%	57%	17%
250 – 4999 employees	5%	59%	36%
5000 employees and above	16%	53%	31%
All employers	14%	67%	19%

Pension contributions

Table 12

**Average contributions into defined contribution schemes (as a percentage of earnings):
by employer size**

Average employer contributions	Up to 49 employees	50-249 employees	250-4999 employees	5000 employees +	All Employers
Trust based defined contribution	5.0%	6.0%	6.6%	7.8%	6.9%
Group Personal Pension	4.9%	5.5%	6.1%	6.9%	5.8%
Stakeholder scheme (see note)	4.0%	4.4%	4.3%	5.0%	4.3%

Average employee contributions	Up to 49 employees	50-249 employees	250-4999 employees	5000 employees +	All Employers
Trust based defined contribution	3.7%	4.3%	4.6%	4.8%	4.5%
Group Personal Pension	3.6%	4.1%	4.5%	4.7%	4.4%
Stakeholder scheme	3.5%	4.0%	4.1%	4.0 %	3.8 %

Average combined contributions	Up to 49 employees	50-249 employees	250-4999 employees	5000 employees +	All Employers
Trust based defined contribution	8.7%	10.3%	11.2%	12.6%	11.4 %
Group Personal Pension	8.5 %	9.6 %	10.6%	11.6%	10.2%
Stakeholder scheme (see note)	7.5 %	8.4 %	8.4%	9.0%	8.1 %

Note: 2011 figures exclude nil employer contributions made into 28% of Stakeholder schemes

Table 13

Over the last 5 years, have employer or minimum employee contributions into defined contribution schemes changed?

	No change	Increased by 1-2% of earnings	Increased by +2% of earnings	Decreased by 1-2% of earnings	Decreased by +2% of earnings
Employer	84%	5%	6%	4%	1%
Minimum employee	87%	4%	4%	3%	2%

Table 14**Average of contributions paid into pension schemes (as a percentage of total earnings)**

Average employer contributions into:									
	2002	2003	2004	2005	2006	2007	2008	2009	2011
Defined benefit scheme	11.5%	13.1%	15.1%	16.5%	21.0%	22.6%	23.0%	23.2%	21.4 %
Trust DC	5.1%	5.2%	5.8%	5.9%	6.0%	6.2%	6.5%	6.7%	6.9%
Group Personal Pension	5.6%	5.6%	5.8%	6.1%	5.8%	6.0%	5.9%	6.0%	5.8%
Stakeholder (see note)	5.0%	5.2%	4.3%	4.5%	4.0%	4.1%	4.5%	4.5%	4.3%

Average employee contributions into:									
	2002	2003	2004	2005	2006	2007	2008	2009	2011
Defined benefit scheme	4.3%	4.5%	4.9%	5.5%	5.8%	6.1%	6.1%	6.3%	6.0%
Trust DC	3.4%	3.5%	4.0%	4.1%	4.1%	4.1%	4.2%	4.3%	4.5%
Group Personal Pension	3.6%	3.8%	3.6%	3.8%	4.0%	3.9%	3.7%	3.9%	4.4%
Stakeholder (see note)	3.3%	3.5%	3.7%	3.8%	4.1%	4.1%	4.0%	4.0%	3.8%

Average combined employer and employee contributions into:									
	2002	2003	2004	2005	2006	2007	2008	2009	2011
Defined benefit scheme	15.8%	17.6%	20.0%	22.0%	26.8%	28.7%	29.1%	29.5%	27.4 %
Trust DC	8.5%	8.7%	9.8%	10.0%	10.1%	10.3%	10.7%	11.0%	11.4%
Group Personal Pension	9.2%	9.4%	9.4%	9.9%	9.8%	9.9%	9.6%	9.9%	10.2%
Stakeholder (see note)	8.3%	8.7%	8.0%	8.3%	8.1%	8.2%	8.5%	8.5%	8.1%

Note: 2011 figures exclude nil employer contributions made into 28% of Stakeholder schemes.

Source: ACA 2003, 2005, 2007, 2009 and 2011 Pension Trends Surveys

Table 15**Current range of employer contributions**

Contribution as % of earnings	Defined Benefit	Trust based Defined Contribution	GPP	Stakeholder
0%	-	- (-)	4% (-)	28% (22%)
Up to 3%	- (-)	11% (3%)	10% (6%)	12% (15%)
Over 3 – 6%	- (1%)	36% (48%)	41% (50%)	41% (46%)
Over 6 – 9%	4% (2%)	28% (26%)	43% (38%)	13% (12%)
Over 9 – 12%	10% (11%)	22% (21%)	1% (4%)	5% (4%)
Over 12 – 15%	22% (16%)	3% (2%)	1% (2%)	1% (1%)
Over 15 – 20%	15% (17%)	-	-	-
Over 20 - 25%	27% (16%)	-	-	-
Over 25%	22% (37%)	-	-	-

Current range of employee contributions

Contribution as % of earnings	Defined Benefit	Trust based Defined Contribution	GPP	Stakeholder
0%	1% (5%)	- (1%)	5% (2%)	3% (-)
Up to 2%	2% (1%)	7% (3%)	14% (12%)	7% (7%)
Over 2 – 4%	11% (8%)	48% (55%)	46% (49%)	45% (42%)
Over 4 – 6%	45% (39%)	42% (36%)	30% (34%)	41% (50%)
Over 6 – 8%	32% (36%)	3% (5%)	4% (3%)	3% (1%)
Over 8%	9% (11%)	- (-)	1% (-)	1% (-)

Defined contribution scheme trends

Table 16

Do defined contribution schemes offer a default investment strategy?

Yes	No
83% (85%)	17% (15%)

Is the default investment strategy that is offered a lifestyle fund?

Yes	No
86% (88%)	14% (12%)

Can members choose their own retirement age under the lifestyle approach?

Yes	No
77%	23%

Table 17

Fund options offered to members

	Percentage	
Under 5 funds	15% (13%)	
5 - 10	25% (29%)	
11 – 25	18%	(58%)
Over 25	42%	

Number of fund managers offered

	Percentage
Only one fund manager	43% (38%)
2 - 10	36% (48%)
Over 10	21% (14%)

Table 18

Do employers assist retirees by helping them with their open market option prior to purchasing an annuity by providing them with a range of quotations?

Provide quotations	Use broking service	Leave to individual
10%	49%	41%

Table 19

The Pensions Regulator is to take a greater interest in the governance of defined contribution schemes in the future alongside its compliance responsibilities in respect of the new auto-enrolment regime. Do employers welcome this?

Yes	26%
Yes, but worried about added regulatory complexity	51%
No, but it may lead to review of existing scheme to identify a simpler one	6%
No	17%

Table 20

On grounds of administrative costs and perceived improvements in governance, do employers believe Government or the Pensions Regulator should encourage employers with small defined contribution arrangements to merge these schemes into larger multi-employer arrangements?

	Yes, we would be interested in this approach	Yes, but this is not for us	On balance, we disagree	No, we strongly disagree
Up to 49 employees	9%	36%	28%	27%
50 - 249 employees	22%	17%	44%	17%
250 – 4999 employees	12%	42%	18%	28%
5000 employees and above	6%	63%	22%	9%
All employers	12%	40%	28%	20%

Defined benefit schemes: funding and the future

Table 21

A. Bands of ongoing funding level as a percentage of liabilities at the last actuarial assessment

Funding Level	Percentage of firms
+ 100%	5% (8%)
96 – 100%	9% (10%)
86 – 95%	22% (39%)
+75% - 85%	47% (29%)
Below 75%	17% (14%)
Average ongoing funding level	77% (79%)

B. Period over which employers say scheme deficits are expected to be removed?

0 – 5 years	21% (25%)
6 – 9 years	19%
10 years	29%
11 – 15 years	20% (15%)
+15 years	9% (7%)
Other	2% (-)

Table 22

Has the Pensions Regulator taken a more active position in monitoring your scheme?

More active	Same	Less active
30%	64%	6%

How do you regard any change?

Has been helpful	Has become challenging	Relationship with TPR more difficult
24%	48%	28%

Table 23

Plans to buy-out or buy-in defined benefit scheme liabilities over the near and longer-term

	Partial	All
Already started	8%	2%
Later this year	14%	6%
Within next 5 years	19%	17%
Within next 10 years	21%	14%
At some time, but +10 years	12%	21%
No	26%	40%

Table 24

What 'liability management' offers have been made to members of defined benefit schemes over the last 3 years?

Enhanced transfer value	Pension increase exchange	Other offer
8%	1%	1%

What 'liability management' offers might be made to members of defined benefit schemes over the next 3 years?

Enhanced transfer value	Pension increase exchange	Other offer
28%	8%	2%

Table 25

Over the last year, has the investment strategy of schemes changed, with a higher or lower proportion of the following?

	Higher	Lower
Gilts	50%	22%
Corporate bonds	56%	4%
UK equities	9%	52%
Overseas equities	17%	26%
Emerging markets	32%	12%
Property	14%	20%
Derivatives	5%	9%
Hedge funds	5%	11%

Table 26

What percentage of schemes utilise delegated investment management?

Yes	No, but considering	No
9%	10%	81%
If 'yes', average percentage of scheme assets managed in this way – 89%		

Table 27

How many fund managers do schemes use?

	Percentage
One	28% (22%)
2 to 4	43% (36%)
5 to 10	18% (28%)
More than 10	11% (14%)
Median	2-4 managers

What overall percentage of assets is passively managed?

Average percentage of assets passively managed	51% (44%)
---	-----------

Pensions reform issues

Auto-enrolment and NEST

Table 28

Do employers presently auto-enrol employees into any workplace pension schemes(s)? (i.e. employees are automatically enrolled into a scheme on joining your organisation or shortly after joining)

	Yes		No	
Up to 49 employees	10%	(7%)	90%	(93%)
50 - 249 employees	9%		91%	
250 – 4999 employees	28%	(25%)	72%	(75%)
5000 employees and above	47%		53%	
All employers	22% (20%)		78% (80%)	

Table 29

Are employers aware of the date when they must auto-enrol 'eligible jobholders' into a qualifying scheme?

	Yes		No	
Up to 49 employees	56%	(54%)*	44%	(46%)*
50 - 249 employees	71%		29%	
250 – 4999 employees	86%	(85%)*	14%	(15%)*
5000 employees and above	96%		4%	
All employers	72%		28%	

(*Note: ACA 2010 Auto-enrolment and NEST surveys)

Table 30

Have employers budgeted for the likely increase in costs that could arise from higher scheme membership as a result of auto-enrolment?

	Yes		No	
Up to 49 employees	15%	(21%)*	85%	(94%)*
50 – 249 employees	25%		75%	
250 – 4999 employees	29%	(34%)*	71%	(66%)*
5000 employees and above	52%		48%	
All employers	26%		74%	

(*Note: ACA 2010 Auto-enrolment and NEST surveys)

What average opt-out rate has been assumed in employers' budgeting?

	2011	(2010)
Up to 49 employees	39%	(35%)
50 - 249 employees	32%	
250 – 4999 employees	17%	(15%)
5000 employees and above	12%	
All employers (not weighted)	25%	(25%)

Table 31**How are employers with existing schemes most likely to respond to auto-enrolment and NEST?**

Probably auto-enrol all into existing scheme	Highly likely	Likely	Not sure	Unlikely
Up to 49 employees	52%	13%	4%	31%
50 - 249 employees	47%	38%	5%	10%
250 – 4999 employees	53%	19%	5%	23%
5000 employees and above	63%	13%	6%	18%
All employers with schemes	54%	19%	5%	22%

Probably auto-enrol all into NEW employer's scheme	Highly likely	Likely	Not sure	Unlikely
Up to 49 employees	17%	17%	9%	57%
50 - 249 employees	8%	10%	10%	72%
250 – 4999 employees	8%	6%	8%	78%
5000 employees and above	6%	4%	5%	85%
All employers with schemes	11%	10%	8%	71%

Probably restrict entry into existing scheme and auto-enrol balance into NEST	Highly likely	Likely	Not sure	Unlikely
Up to 49 employees	3%	20%	10%	67%
50 - 249 employees	1%	13%	6%	80%
250 – 4999 employees	1%	13%	11%	75%
5000 employees and above	1%	23%	15%	61%
All employers with schemes	2%	18%	11%	69%

Use NEST as a foundation scheme	Highly likely	Likely	Not sure	Unlikely
Up to 49 employees	3%	9%	2%	86%
50 - 249 employees	1%	5%	7%	87%
250 – 4999 employees	1%	3%	19%	77%
5000 employees and above	1%	-	26%	73%
All employers with schemes	2%	5%	12%	81%

Probably close existing scheme and auto-enrol all into NEST	Highly likely	Likely	Not sure	Unlikely
Up to 49 employees	5%	2%	14%	79%
50 - 249 employees	3%	3%	7%	87%
250 – 4999 employees	2%	1%	8%	89%
5000 employees and above	-	1%	4%	95%
All employers with schemes	3%	2%	9%	86%

Table 32**How are employers with no schemes most likely to respond to auto-enrolment and NEST?**

No current scheme: likely to auto-enrol into employer's scheme	Highly likely	Likely	Not sure	Unlikely	Highly unlikely
Up to 49 employees	2%	7%	13%	14%	64%
50 - 249 employees	3%	8%	12%	4%	73%
250 – 4999 employees	5%	9%	15%	19%	52%
5000 employees and above	-	-	-	-	-
All employers with no schemes	3%	8%	13%	11%	65%

No current scheme: likely to auto-enrol all into NEST	Highly likely	Likely	Not sure	Unlikely	Highly unlikely
Up to 49 employees	29%	12%	6%	15%	38%
50 - 249 employees	8%	4%	12%	7%	69%
250 – 4999 employees	10%	-	9%	10%	71%
5000 employees and above	-	-	-	-	-
All employers with no schemes	18%	7%	9%	11%	55%

Table 33**Will employers review existing scheme benefits to mitigate the cost of higher scheme membership from auto-enrolment?**

	Highly likely		Likely		Not sure		Unlikely		Highly unlikely	
Up to 49 employees	5%	(10%)	14%	(19%)	6%	(24%)	24%	(19%)	51%	(28%)
50 - 249 employees	20%		7%		13%		40%		20%	
250 – 4999 employees	14%	(16%)	15%	(25%)	15%	(16%)	21%	(25%)	35%	(16%)
5000 employees and above	21%		14%		22%		20%		23%	
All employers with schemes	14%		13%		13%		26%		34%	

(Note: Figures in brackets are 2010 figures)

Table 34

Should auto-enrolment be delayed as a requirement until real incomes begin to grow and/or until the Government passes legislation to allow employers greater freedom to offer more flexible pension designs than at present?

Await general increase in real incomes	Yes	No
Up to 49 employees	47%	53%
50 - 249 employees	27%	73%
250 – 4999 employees	33%	67%
5000 employees and above	11%	89%
All employers	32%	68%

Await greater pension design freedoms	Yes		No	
Up to 49 employees	42%	(39%)	58%	(61%)
50 - 249 employees	40%		60%	
250 – 4999 employees	35%	(47%)	65%	(53%)
5000 employees and above	29%		71%	
All employers	37%		63%	

(Note: Figures in brackets are 2010 figures)

Table 35

How will the introduction of auto-enrolment and NEST affect employers and workplace pension provision?

	Up to 49 employees	50 - 249 employees	250 – 4999 employees	5000 employees and above	All employers
No great impact	34%	21%	33%	32%	30%
	(19%)				
Add marginally to costs	29%	59%	52%	47%	44%
	(26%)				
Add significantly to costs	37%	20%	15%	21%	26%
	(55%)				
Lead to review of scheme	18%	22%	38%	32%	26%
	(24%)				
Levelling up for many	31%	24%	12%	3%	20%
	(19%)				
Levelling down for those in existing schemes	7%	26%	18%	8%	13%
	(11%)				

(Note: Figures in brackets are 2010 figures)

Other pension reform issues

Appetite for risk sharing

Table 36

In designing pension arrangements, broadly what percentage of risk should INDIVIDUAL EMPLOYEES be prepared to take in these risk areas?

Investment risk	All of the risk	Over 50% of the risk	Share 50/50 with employer	Under 50% of the risk	None
Up to 49 employees	35%	6%	33%	10%	16%
50 - 249 employees	48%	5%	38%	9%	-
250 – 4999 employees	43%	10%	24%	19%	4%
5000 employees and above	21%	11%	53%	10%	5%
All employers	36%	8%	37%	12%	7%

Longevity risk	All of the risk	Over 50% of the risk	Share 50/50 with employer	Under 50% of the risk	None
Up to 49 employees	35%	13%	29%	6%	17%
50 - 249 employees	50%	10%	27%	10%	3%
250 – 4999 employees	35%	24%	15%	25%	1%
5000 employees and above	26%	11%	53%	6%	4%
All employers	36%	14%	31%	11%	8%

Inflation risk	All of the risk	Over 50% of the risk	Share 50/50 with employer	Under 50% of the risk	None
Up to 49 employees	29%	13%	32%	14%	12%
50 - 249 employees	51%	15%	25%	9%	-
250 – 4999 employees	40%	10%	35%	11%	4%
5000 employees and above	26%	11%	47%	10%	6%
All employers	35%	12%	35%	11%	7%

Changes in Pension Ages

Table 37

Do employers support the idea that after 2020 further increases in the State Pension Age (SPA) should be linked automatically to average increases in life-spans as reported on by an independent body or should changes in SPA be left to Government to adjust from time to time?

	Up to 49 employees	50 - 249 employees	250 – 4999 employees	5000 employees and above	All employers
SPA should be automatically adjusted following an independent report	61%	67%	48%	41%	56%
Changes to SPA should be left to Government to decide from time to time	39%	33%	52%	59%	44%

Table 38

Do employers believe that workplace pension schemes should be given a statutory override enabling them to adjust 'Scheme Pension Age' automatically as life-spans extend, provided reasonable notice is given?

	All employers with schemes
No	36%
Yes, for future pensions service only	11%
Yes, for future and accrued pensions	9%
Yes, in line with SPA changes	39%
Yes, in line with an independent report specific to the scheme	8%
Yes, in line with the recommendations of an independent standing commission	9%

(More than one answer given by some respondents)

Defined benefit contracting-out and indexation

Table 39

If the Coalition Government decides to implement a new single tier and higher Basic State Pension, it seems likely contracting-out will be abolished. If this happens, will it bring forward a decision to close defined benefit schemes to future accrual?

Yes, very likely	Yes, maybe	No, already closed to future accrual	No
14%	25%	37%	24%

Table 40

The Coalition Government has indicated that it feels pensions are more appropriately indexed in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) and has acted on this view in respect of public service schemes. However, some private sector schemes are not free to adopt the use of CPI under their rules. How should the Government approach indexation of benefits for private sector schemes?

	Yes	No
Should give statutory override for sponsors to change indexation formula	52%	48%
Should be left to trustees to decide in discussion with sponsors	76%	24%
Sponsors should have discretion to hold back indexation of benefits where a scheme is in deficit	58%	42%

Changes in public service pensions

Table 41

Do employers agree with the recent report on the *Review of Public Service Pensions* that recommended that generally pension benefits should be scaled back for future service and contributions from members increase, pension age should move to SPA, but defined benefit provision should continue?

	Yes	Stay as is	No
Public service pensions should be scaled back	85%	11%	4%
Member contributions should increase	79%	17%	4%
Pension age should increase to SPA	91%	7%	2%
Defined benefit provision should continue	40%	16%	44%

© Association of Consulting Actuaries, 2012. All rights reserved. References to the research statistics herein must be attributed to the Association. Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the permission of the Association of Consulting Actuaries.

The Association of Consulting Actuaries (ACA) is the representative body for UK consulting actuaries and is the largest national grouping of consulting actuaries in the world.

Members of the ACA provide advice to thousands of pension schemes, including most of the country's largest schemes. Members are all qualified actuaries and all actuarial advice given is subject to the Actuaries' Code.

**Report produced by
Association of Consulting Actuaries
St Clement's House, 27-28 Clement's Lane, London EC4N 7AE
Tel: +44(0)20 3207 9380 Fax: +44 (0)20 3207 9134 EMail: acahelp@aca.org.uk
Web: www.aca.org.uk**

January 2012