



ASSOCIATION OF CONSULTING ACTUARIES

ACA COMMENTS ON DEFINED BENEFIT PENSIONS GREEN PAPER

20 February 2017: Bob Scott, Chairman of the Association of Consulting Actuaries (ACA) comments:

“The ACA welcomes the publication of the Government’s Green Paper *Security and Sustainability in Defined Benefit Pension Schemes*. It is a wide-ranging document which does not identify preferred solutions but seeks input on a number of key issues.

“The past 10 years have seen a significant decline in DB provision with few private sector schemes remaining open to future accrual, let alone to new members. Today’s employees therefore rely predominantly on defined contribution (DC) provision but with materially lower average contribution rates than might have been paid to a typical DB scheme.

“The ACA believes that there is a case to rationalise indexation arrangements to remove the “lottery” that has applied since the government changed its statutory measure of inflation from RPI to CPI in 2010. We also support moves towards conditional indexation, with appropriate safeguards, something that the ACA has advocated for many years.

“Both these measures would make it easier for more employers to consider meaningful DC provision for their current workforce, thereby easing inter-generational tensions.”

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About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country’s largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries’ Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes.

The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.

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