



ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE

ACA COMMENTS ON SUPERFUND PROPOSAL

7 March 2017: Bob Scott, Chairman of the Association of Consulting Actuaries (ACA) comments:

“The ACA welcomes the work that the Pensions and Lifetime Savings Association (PLSA) Defined Benefit taskforce has done and published in its recent report *“The case for consolidation”*. The ACA is broadly supportive of the concept of consolidation of some smaller schemes and we see conversion to a common benefit scale as an important precursor to that process.

“The PLSA proposes that the consolidator vehicle – the “Superfund” – should be separate from the employers who formerly sponsored the schemes. This raises the issue of who should bear the risk of the Superfund failing to meet its obligations. Insurance companies have to hold regulatory capital and are subject to strict financial supervision; ordinary pension schemes have an employer to fund them. Superfunds would have less capital than insurance companies and no sponsoring employers and so, if the available capital is not adequate they will fall back on the PPF.

“The PLSA proposes that entry into a Superfund should be a voluntary matter, decided by the trustees and employer following consultation with affected members. We support this structure, which means that smaller well-run schemes can continue to operate independently without being forced to join a consolidator scheme.

“Consolidation of pension schemes is also a key focus of the recent Defined Benefit Green Paper published by DWP and the ACA looks forward to working with Government, PLSA and other industry bodies as we move towards a system that balances the requirements and needs of different stakeholders.”

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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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