



ASSOCIATION OF CONSULTING ACTUARIES

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PRESS RELEASE

TRANSFERS FROM DEFINED BENEFIT PENSION SCHEMES

ACA SAYS BLANKET BAN ON ALL TRANSFERS FROM PRIVATE SECTOR DB SCHEMES IS NOT NEEDED AND COULD PROVE TO BE AN UNFAIR INTERVENTION

1 August 2016: There were press reports over the weekend suggesting that the Government should consider a ban on members transferring their defined benefit (DB) pensions as the numbers making requests has increased markedly in recent months. The Association of Consulting Actuaries (ACA), whose members advise sponsors, trustees and individuals in such matters says that a blanket ban on DB transfers is not appropriate and could disadvantage both pension scheme members and many sponsors.

ACA Chairman, Bob Scott said:

“There is a very real danger that speculation about a ban on transfers could cause a rush for the door while stocks last mentality by private sector scheme members who may be concerned about the security of their pensions, especially given the regular reports on ‘growing deficits’.

“We don't see a blanket ban on transfers as the answer. Many schemes may well be happy to see members take transfer values that reflect RPI indexation, always remembering that DB scheme members must take independent advice before making a transfer decision. And if a scheme is concerned that paying transfers at that level would jeopardise funding, and hence other members’ prospective benefits, there are mechanisms under current legislation to reduce transfer values where underfunding is judged to be a problem.

“A blanket ban could also lock some members into schemes where there is a real possibility that targeted benefit will not be forthcoming and it would seem very wrong that in such cases members, particularly those with long service, should be prevented from protecting their pension prospects by way of a transfer ban.”

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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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