



*The Association of Consulting Actuaries (ACA), whose members advise the vast majority of larger pension schemes and thousands of smaller schemes, welcomes the moves towards tax and administrative simplification heralded by today's Green Paper and paper on Pension tax simplification, but is hopeful the consultation exercise will bring more radical measures to encourage occupational provision....*

## **ACA says Pensions Green Paper is a Curate's Egg**

**London – 17 December 2002 - The Association of Consulting Actuaries (ACA) welcomes many of the Pension Green Paper and tax simplification proposals announced today (17 December), and is encouraged that the Government 's commitment to wide consultations may allow for bolder reforms.**

Commenting on the proposals, Gordon Pollock, ACA Chairman said:

"In particular, we welcome the Inland Revenue proposals to reduce the number of pension tax regimes from eight to just one and to remove benefit restrictions for the vast majority. We welcome the proposals for flexibility in retirement that will enable individuals to postpone retirement and to partially retire. While we have yet to consider the detail of the proposals we would hope that they will significantly reduce the tax rules for pension schemes and their members".

"However, we do feel much more is needed to encourage occupational pensions, where membership and provision is declining sharply. We do not see the measures proposed today as being adequate to halt or reverse this trend. Indeed, some of the proposals may accelerate the move away from adequate

employer pension provision. Given the strength of feeling across the 'pensions world' that more incentives are needed to encourage occupational schemes, it is to be hoped the consultation exercise is genuine and the Government can be persuaded to a more radical agenda," said Gordon Pollock.

The ACA added:

"We are disappointed that the Government has not taken the opportunity to recognise demographic issues by proposing a phased increase in state retirement age. We fear the longer the delay in doing this, the shorter the time any phasing is likely to be over when the decision is finally made," added Pollock.

"We are also disappointed that the opportunity to simplify the complex state pensions structure – which few members of the public understand – seems not to be a priority. We, together with other pensions and representative organisations, have been pressing for simplification of state pensions, ideally into one consolidated state pension with minimal means testing, together with the cessation of contracting-out. Again, we hope the Government will listen during the consultation exercise as it is important that private provision is built upon a stable state system," concluded Pollock.

**Copies of the recent *2002 ACA Pension Trends Survey* report and an *ACA Pensions Strategy* paper are available at [www.aca.org.uk](http://www.aca.org.uk)**

**Comment:**

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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.

