



One of the aims of Government pension reforms was to simplify pensions to encourage wider employer provision. One of the acid tests of the Bill published today is whether that objective has been met or lost under a further tranche of regulation and cost.....

ACA FEARFUL THAT KEY ORIGINAL OBJECTIVE OF REFORM MAY NOT BE ACHIEVED BY PENSIONS BILL

12 February 2004 – The Association of Consulting Actuaries (ACA) has today pledged to work with the Government to encourage greater employer pension provision, but has cast serious doubt on whether key proposals in the *Pensions Bill* (published today) will help meet that objective. Whilst welcoming the principle of better protecting employees’ pensions, the ACA remains concerned about the cost of pitching initial PPF benefits too high (and thereby its impact on provision) and the moral hazard issues raised, particularly if the risk based levy is delayed in its introduction.

“When this whole process of reform began it was a recognition by government that over-regulation was seriously discouraging employer pension provision and was driving costs up to unacceptable levels. Whilst considerable progress has been made to simplify pension tax regimes for the majority of people, I really wonder whether this Bill as a whole has in any way really achieved its objective. Whilst there are simplification measures within the Bill that we welcome, it is now difficult to see any major savings set against a whole raft of new extra costs. That being the case, I struggle to see how the Bill will encourage wider provision without some of the powers ‘to require employers’ being invoked, at even greater cost,” commented ACA Chairman, Gordon Pollock.

“At this stage it is clearly difficult to be precise about how the PPF will be introduced, but we would be very concerned if the risk-based levy was not introduced within, say, 2 years. If it is not introduced at an early stage, we will be in danger of repeating the problems

experienced by the US scheme, which is now very heavily in deficit, with the deficit continuing to grow.”

For further details:

Helen James	020 7222 8033
Andrew Vaughan	020 7977 8427
David Robertson	020 7248 3163

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.