



Statement from the Association of Consulting Actuaries following the PPF Levy Announcement (16 December 2005)

16 December 2005: "The ACA welcomes the fact that the total levy (£575 million) to be collected is below the worst fears, but it is still twice that which the government estimated when proposing the legislation in 2004. At the time the legislation was being considered, had companies been aware of the true cost, stronger calls for lower PPF benefits may have been made.

"Undoubtedly, the admission into the PPF of a number of schemes that, during the passage of legislation, were expected to be excluded has added greatly to costs and this has moved the cost of extra compensation onto solvent companies providing defined benefit schemes. This has contributed to a substantial first year deficit for the PPF and means more must be paid in levies over the years ahead. The higher the levies, the less that is available to invest in those pension funds.

"The unintended impact of these higher levies is likely to be that those with open schemes - except those run by government that pay no levies - will get out of forward pension commitments as best they can," said Adrian Waddingham, Chairman of the Association of Consulting Actuaries.

"We remain concerned too that the credit rating system may not be as robust as we might wish and that successful appeals may cause levies to rise at weaker firms, making it all the more difficult for them to survive, as well as undermining their pension commitments," added Adrian Waddingham.

Further comment can be obtained by calling:

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Note to Editors:

The **Association of Consulting Actuaries (ACA)** has over 1500 members working in some 80 firms. Members are advisers to UK pension schemes with assets in excess of £700 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.