



Actuaries give response to Pension Regulator's statement on how they will regulate the funding of defined benefit schemes...

ACA GIVES WELCOME TO STATEMENT THAT SHOWS THE REGULATOR HAS LISTENED TO CONCERNS

4 May 2006: The Association of Consulting Actuaries (ACA) has given a general welcome to the statement issued today on how The Pensions Regulator will regulate the funding of defined benefit pension schemes. The ACA says that the Regulator appears to have listened carefully to the comments made following the draft statement. Whilst in the end the 'proof of the pudding will be in the eating', the measures proposed appear to offer a practical framework within which trustees and their advisers can work.

Commenting on the statement, ACA Chairman, Adrian Waddingham said:

"The statement is encouraging - it is something the pensions industry and our members can work with. We are pleased that the Regulator has made clear that the deficit recovery period is a trigger not a target and this flexibility of approach is welcomed. The removal of references to 70-80% of buyout is also welcomed.

"We are concerned, however, that the regulatory regime could result in trustees inadvertently investing in bonds, even when they may represent 'bad value' (but secure assets). Long-term pension investment needs to balance security alongside achieving good returns. There is a real danger the regulatory regime may push trustees too far towards security. We have to be careful that this new framework does not cause schemes to invest inappropriately because of pressures placed on trustees and sponsors - the end result being poorer benefits for scheme members over the longer-term."

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Note to Editors:

The **Association of Consulting Actuaries (ACA)** has over 1500 members working in around 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.