



ACA SAYS KEY TO FUTURE OF PENSIONS LIES IN STATE SCHEME REFORMS, HIGHER RETIREMENT AGES AND REDUCTIONS IN PRIVATE PENSION TARGETS

12 October 2004 – Responding to the publication of today’s report by the Pension Commissioner, Adair Turner, the Association of Consulting Actuaries (ACA) has said that ‘pension planning blight’ will continue so long as a low State pension leads to an increasing proportion of the retired population relying on means tested benefits. Pension saving is at present illogical for many, particularly those not eligible to join company schemes.

ACA Chairman, Adrian Waddingham, commented that “reforms to the State scheme including the phased introduction of a higher retirement age and a higher level of State pension are feasible policy options. The public will respond to a clear pension strategy that reflects the government was ‘taking charge’ rather than intent on avoiding difficult decisions”.

“State pension reforms, however, were not enough. Many private and public sector pension schemes needed to consider raising the age at which pensions are drawn and to reduce the pension target to a more modest and ‘affordable’ level over the longer-term”.

“We are opposed to further compulsion to save for pensions. Rather, the ACA believes that with the right policy mix, the public will recognise that they need to save more. This policy may need to be assisted at lower income levels by the

pursuit of government policies that encourage longer-term saving or that reduce the overall tax take from individuals on modest means,” added Adrian Waddingham.

Adrian Waddingham recently called for measures to promote more ‘affordable’ lower-cost defined benefit schemes¹ as an important element in future pensions strategy, encouraging a type of provision that reduces the investment-risk faced by scheme members, with these private pensions built on top of an improved Basic State Pension.

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Note to Editors:

The **Association of Consulting Actuaries (ACA)** has over 1500 members working in over 75 firms. Members 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.

¹ Speech by Adrian Waddingham on 29 September 2004 to ACA Annual Dinner, see **press releases page** at www.aca.org.uk