



The Judicial Pensions Bill, trailed in the Queen's Speech this week, will undermine the new pensions tax regime...

SPECIAL RULES FOR JUDGES WILL UNDERMINE NEW PENSIONS TAX REGIME, SAY ACTUARIES.

25 November 2004: The *Judicial Pensions Bill*, announced in this week's Queen's Speech, is set to give special pension privileges to judges.

Whereas, from April 2006, under the new pensions tax regime, tax relief for all other individuals presently below the limit will be restricted to the first £1.5 million of pension savings, it seems for judges the figure will be set higher or, indeed, there may be no limit.

"The rationale for the move seems to be that highly paid barristers are reluctant to take a pay cut to become judges. Rather oddly, the Government seem to think that the way of encouraging them to become judges is to offer judges a greater ability to tuck away more pension savings, with greater tax relief, than is available to other citizens. This is wrong-headed," says Adrian Waddingham, Chairman of the Association of Consulting Actuaries (ACA).

"The Lifetime Limit was specifically designed to have no regard to different levels of earnings. It was felt this figure, which will rise to at least £1.8 million by 2010, was the maximum amount of pension savings that should attract tax relief. Anyone - judges included - can save beyond that figure, but these savings simply don't attract pension tax relief."

"If the Government wants to encourage barristers to become judges, it should not 'bend' the pension tax rules, it should address the remuneration of judges, should there indeed be a lack of able applicants."

"There are many people who take on very much lower salaries to do socially useful jobs - politicians and academics are just two examples. Many other people take a lead in generating wealth, employment and tax revenues - to meet the costs of public services, including the judicial system. None of these groups will receive special pension tax treatment, nor should they."

"The real problem is that by favouring one group in this way, even before the new tax regime has started, the Government will undermine the integrity and fairness of the regime - a regime many people, including consulting actuaries, helped to evolve and which has been widely applauded."

"There is already a growing divide between public and private sector pension provision that the Government, as part of its next set of reforms, should - on grounds of equity and cost - set about reducing rather than exacerbating," noted Adrian Waddingham.

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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.