



ASSOCIATION OF CONSULTING ACTUARIES

PRESS RELEASE

ACA says survey finds support for Pension Scheme Bill measures, but 82% don't want to see multiple dashboards and most think employees need more guidance...

30 November 2020: In the second of a series of reports outlining the findings of the ACA's 2020 Pension trends survey¹, the Association of Consulting Actuaries (ACA) has asked employers about the Pension Schemes Bill, which is nearing its final stages ahead of receiving Royal Assent.

The ACA found strong support from employers for TPR's proposed two-track compliance process for funding defined benefit schemes and half of the respondents support the introduction of new Collective Defined Contribution schemes, as is being proposed for Royal Mail. Employers support the pension dashboard but 82% do not want to see multiple pension dashboards (or dashboards which don't include State pension benefits) and less than half have got their data ready. More employers are helping employees to understand their retirement spending needs, but the majority don't offer access to independent advice.

A separate report in this series will address employers' responses to climate change (another important area of reform in the Pension Schemes Bill).

Key views of employers in the report are:

TPR's DB Funding Code Consultation

- **72%** support the Fast Track and Bespoke compliance proposals, but a quarter oppose TPR's overall direction of travel

Collective Defined Contribution (CDC)

- **52%** support CDC being made available to employers other than Royal Mail, with **12%** of employers considering using such a scheme. **Half support** a CDC Master Trust option
- **58%** think CDC will be hard to communicate to employees

Pension Dashboard

- **82%** oppose multiple dashboards and dashboards that do not include State Pensions
- **Less than half** have cleaned their data in readiness for a pension dashboard

Independent Advice

- **45%** provide access to independent financial advice to employees close to retirement
- **39%** say members are experiencing difficulty in finding advice on DB transfers

DB Consolidation

- **65%** say consolidation is a 'good thing' compared to just 39% a year ago
- **A majority say** it would be more likely if benefits could be simplified too

Commenting on the findings, ACA Chair Patrick Bloomfield said:

“The Government and TPR should be encouraged by the broad support for the new DB Funding Code. But with 1 in 4 employers being against the direction of travel, work is needed to resolve the challenges for schemes still open to new members and making the new framework fit for a post-Covid world.”

“Whilst there is strong support for the pension dashboard, there are warning signs about what is expected and when. The pension dashboard has the potential to help employees understand their pensions, which is really important, given that most employers don’t provide their employees with access to financial advice. Curiously, the Commons recently voted down making it compulsory to direct employees to Pensions Wise, which flies in the face of what the public needs.”

Also commenting on the findings, Peter Williams, Chair of the ACA Pension Schemes Committee said:

“The growth in support for the CDC option being offered is encouraging, although it’s important that this advances over time to suit other CDC designs, given they may differ from what is being proposed by Royal Mail. The regulations must also open up to support multi-employer CDC schemes, and there is welcomed support for Master Trust CDC solutions.

“The quite rapid advance in support of DB consolidation probably reflects mounting concerns at some employers over the future in both economic and regulatory terms. It’s a shame the Pension Schemes Bill did not incorporate consolidation measures to back up the recent guidance from the Regulator but we are encouraged by the suggestion that another Pensions Bill will take this forward in the near future.”

Further reports on the 2020 Pension trends survey’s findings are due to be published over the next two months and a final report at the turn of the year.

Contacts for further information:

Patrick Bloomfield, ACA Chair at Patrick.bloomfield@hymans.co.uk - 020 7082 6111

Peter Williams, ACA Pension Schemes Committee Chair at peter.williams@aon.com - 01372 733763

Chintan Gandhi, ACA PR Committee Chair at chintan.gandhi@aon.com - 01372 733322

David Robertson, ACA Secretariat at david.robertson@aca.org.uk – 020 3102 6761

About the Association of Consulting Actuaries (ACA)

Members of the ACA provide advice to thousands of pension schemes, including most of the country’s largest schemes. Members of the Association are all qualified actuaries and all actuarial advice given is subject to the Actuaries’ Code. Advice given to clients is independent and impartial. ACA members include the scheme actuaries to schemes covering the majority of members of private sector defined benefit pension schemes. The ACA is the representative body for UK consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body.

Disclaimer

This document is intended to provide general information and guidance only. It does not constitute legal or business advice and should not be relied upon as such. Responding to or acting upon information or guidance in this document does not constitute or imply any client /advisor relationship between the Association of Consulting Actuaries and/or the Association of Consulting Actuaries Limited and any party, nor does the Association accept any liability to any person or organisation relating to the use of such information or guidance.

Association of Consulting Actuaries Limited · First Floor · 40 Gracechurch Street · London · EC3V 0BT

Tel: +44 (0)20 3102 6761 · Email: acahelp@aca.org.uk · Web: www.aca.org.uk

Privacy Statement: <https://aca.org.uk/privacy-accessibility-statement/>

¹ The ACA 2020 Pension trends survey was conducted in the summer of this year and attracted 281 responses from employers of all sizes, running over 500 different schemes.