

DB schemes are still the most valuable retirement planning vessels. The guaranteed benefits are more valuable than any other type of pension currently available. It is unlikely that taking money out of those schemes offers best value to members.

However, our current society is more keen to go for instant gratification over good long-term decisions. Therefore, the financial services industry is tasked to provide flexibility wherever possible. There are problems with this in that the providers are rarely able to offer all the flexibility that the government and regulators have promised to be available. This happened with pension freedom.

Any moves to build in flexibility to DB schemes would suffer from similar issues of delivery. Partial encashments would be very difficult to administer and would cause the trustees and administrators huge issues.

Due to the fact that many DB schemes are either shutting or not allowing new members, there will not be the continuous turnover of membership or the volume of contributions that the schemes used to receive. Therefore, most schemes are in the throes of Decumulation.

To build in flexibility of benefits in DB schemes at this time of running schemes down would need to be handled with great care. As the schemes contract with members leaving or retiring, great care needs to be taken to ensure that there is sufficient value maintained in the schemes for the members that have not yet reached retirement age. The calculations for flexible benefits could lead to distortion of the value of the benefits for individuals.

Perhaps this is a good time to consider a career change into actuarial roles as that may be quite a growth area in the future.

Tony Catt
Compliance Consultant
07899 847338