

November, 2000

To All Members

Dear Member

GN27: Retirement Benefit Schemes - Minimum Funding Requirement

The Pensions Board has revised *GN27: Retirement Benefit Schemes - Minimum Funding Requirement* Version 1.5 which comes into effect on 1 December 2000 as a Fast Track Guidance Note. It is simultaneously being exposed as an Exposure Draft.

Supplements to the Manual of Actuarial Practice are now only being sent to those members who previously requested in writing that this source be continued. If therefore you have requested a posted copy of Guidance Notes, the revised GN27 will be attached to this letter as an A4 document. Otherwise it will be found on the profession's Website at www.actuaries.org.uk/library/map.html.

A copy of GN27 that tracks the changes which have been made since the previous version of GN27 can be found on the Pensions Board Website pages at:

www.actuaries.org.uk/pensions/pensions_gns_track.html

Changes have been made to various paragraphs to cover a number of technical issues which have arisen since the MFR first came into effect. The opportunity has also been taken to introduce changes which:

- Extend references to pensioners and non-pensioners as a result of the pension-sharing on divorce provisions which come into effect from 1 December 2000 (paragraph 5.5)
- Clarify the existing guidance particularly by the use of 'must' rather 'should' where guidance is intended to be mandatory
- Incorporates a rearrangement of the existing text of section 4 to provide a more logical sequence.

The table below sets out the changes to Section 4 that has been made.

Item	Current GN27	Proposed GN27
General remarks	4.1-4.4	No change
MFR regular contribution	4.6	4.5
Estimated MFR position at signature date	4.5	4.6
Notional MFR position at signature date	4.9, 4.12	4.7
MFR contribution adjustment	4.7-4.8, 4.10-4.11	4.8

Legal advice on the revised Guidance Note has been obtained and considered and it has been cleared for exposure by the Faculty and Institute Management Committee.

If you have any comments on this Exposure Draft, please send them to Mervyn Bryn-Jones, Secretary of the Pensions Board, at Staple Inn by 1 February 2001. As usual, it would be helpful if you were to co-ordinate these with any comments by colleagues in your organisation.

It is not expected to hold a consultation meeting on this Guidance Note unless specifically requested by members.

Yours sincerely

Peter Tompkins
Chairman
Pensions Board

24 November, 2000

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