

To: All Home Fellows

September 2000

Dear Home Fellow

**Draft Technical Memorandum: TM1
Statutory Illustrations of Money Purchase Benefits
Version 1.0**

The Pensions Board is pleased to have been invited by the Department of Social Security to help the Government to provide members of occupational, personal and stakeholder pension schemes with an annual illustration of their money purchase benefits in retirement. The Government intends to make regulations to require certain types of money purchase schemes covered by the Disclosure Regulations to provide illustrations of future pensions entitlement; the basis and calculation method for such illustrations is to be contained in guidance provided by the Faculty and Institute of Actuaries in the form of a Technical Memorandum.

The Department of Social Security and the Faculty and Institute of Actuaries are issuing a joint Consultation Document on Statutory Illustrations of Money Purchase Benefits. The document contains the Draft Technical Memorandum. It will be posted on the pensions pages of the Faculty and Institute's website (www.actuaries.org.uk/pensions/simp.pdf) as soon as it is available. It is expected to be published on 15 September 2000. If you require a paper copy, please contact Gloria Tucker on 020 7632 2135.

The Consultation Document explains the background to the consultation, together with the legislative framework, and the Draft Technical Memorandum provides details of the basis and calculation method for the statutory illustrations. Although the Technical Memorandum is a substantial departure from normal practice in that it will apply to both actuaries and non-actuaries, it is to be treated as an Exposure Draft under the Faculty and Institute's Due Process procedures.

May I stress that this is an extremely important consultation. The forthcoming regulations will place new legal requirements on those responsible for issuing annual benefit statements. Trustees or managers of defined benefit and defined contribution occupational schemes and personal and stakeholder schemes will in future have to include an illustration of money purchase pension entitlements on annual benefit statements. The illustration will be part of the annual benefit statement and the requirement to provide an illustration will therefore be limited to those schemes that fall within the scope of the existing regulations on disclosure of information in personal and occupational pensions schemes.

The DSS are not proposing to make the illustrations mandatory until April 2002. Nonetheless they hope that schemes will start to provide illustrations before that time on a voluntary basis. The aim

is to issue both the regulations and the Technical Memorandum early next year, ready for use by April 2001.

If you wish to comment on the Draft Technical Memorandum please write by 17 November 2000 to:

Mervyn Bryn-Jones
Institute of Actuaries
Staple Inn Hall
High Holborn
LONDON WC1V 7QJ

E-mail: mervynb@actuaries.org.uk

Tel: 020 7632 2134

Fax: 020 7632 2131

Two consultation meetings to discuss the Draft Technical Memorandum are to be held on 11 October 2000 in Edinburgh and on 12 October 2000 in London. Details of these are enclosed.

Comments on the Consultation Document should be sent direct to the DSS. Unless notified to the contrary, comments on the Draft Technical Memorandum will be shared with the DSS.

Yours sincerely

P D G Tompkins
Chairman
Pensions Board

Encl: Consultation Meetings

CONSULTATION MEETINGS
ON
STATUTORY ILLUSTRATIONS OF MONEY PURCHASE BENEFITS

The profession will be holding two consultation meetings at which Draft Technical Memorandum: TM1 - Statutory Illustrations of Money Purchase Benefits - Version 1.0 is to be discussed. The meetings will be held on:

<p>Wednesday 11 October 2000 at 10.00 am Holiday Inn Crowne Plaza 80 High Street The Royal Mile Edinburgh EH1 1TH</p> <p>PROGRAMME 10.00 Coffee/Tea 10.30 - 10.45 Presentation 10.45 - 12.00 Discussion</p>	<p>Thursday 12 October 2000 at 10.00 am Institute of Actuaries Staple Inn Hall High Holborn London WC1V 7QJ</p> <p>PROGRAMME 10.00 Coffee/Tea 10.30 - 10.45 Presentation 10.45 - 12.00 Discussion</p>
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There is no charge for attendance. However it would help with the arrangements if you could complete and return the slip below if you plan to attend. Any written comments on the Draft Technical Memorandum should be sent to Mervyn Bryn-Jones at Staple Inn by 17 November 2000.

I propose attending the Consultation Meeting London
 Edinburgh

Name: _____

Organisation: _____

Address: _____

Telephone: _____ *Fax:* _____

Signed: _____ *Date:* _____

PLEASE RETURN BY 6 OCTOBER 2000 TO:

Mervyn Bryn-Jones : Institute of Actuaries : Staple Inn Hall : High Holborn : London WC1V 7QJ

TEL: 020 7632 2134

FAX: 020 7632 2131

