

**December 2005**

**To All Members**

Dear Member

**GN49: Occupational Pension Schemes – Scheme funding matters on which advice of actuary must be obtained**

**Introduction**

Section 230(1) of The Pensions Act 2004 (*the Act*) imposes requirements on trustees to seek the advice of the actuary on certain scheme funding matters. The associated Regulations require that, when giving this advice, the actuary must have regard to a specific Guidance Note. The Regulations further require that the Guidance Note be approved by the Secretary of State for Work and Pensions; the Secretary of State gave approval on 29 November 2005.

*GN49: Occupational Pension Schemes – Scheme funding matters on which advice of actuary must be obtained (v1.0)* is the first version of the required Guidance Note. There are no material changes from the version EXD56 previously exposed under Due Process. The Guidance Note is effective from 30 December 2005, the same date as the associated Regulations. Other aspects of actuarial advice that are affected by *the Act* (and the accompanying Regulations and Codes of Practice) have been or will be addressed within other Guidance Notes.

The Guidance Note requires the actuary to have regard to the Code of Practice (and any other relevant guidance) produced by the Pensions Regulator and the actuary will therefore need to be fully conversant with such documentation. The Guidance Note in particular requires the actuary to ensure that the trustees are aware of matters where the actuary is unable to give advice (for example on the financial strength of the sponsoring employer).

The Guidance Note limits the obligation in giving advice in connection with modifying benefits, to the implications for the statement of funding principles, the recovery plan and the schedule of contributions.

The Guidance Note gives guidance on the limitation of any advice having regard to the information provided by the trustees, although the actuary is expected to take reasonable steps to obtain any missing information.

The Guidance Note requires that all *relevant advice* given orally under Section 230(1) of *the Act* be confirmed in writing to enable the trustees to have proof of their compliance with *the Act*.

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# The Actuarial Profession

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The Pensions Board would like to take the opportunity to bring to the attention of actuaries that the Code of Practice applies in certain respects to actuaries appointed by the trustees and, in particular, with regards to a specified 'reasonable period' of 10 working days for reporting non-certification of the technical provisions or schedule of contributions under Sections 225(3) or 227(9) of *the Act*.

Covering letters are also only being sent to those members who have requested them. Should you wish to stop receiving these letters in hard copy and receive an e-alert instead, please alter your despatch preferences in the members' only part of the profession's website, or contact the MAP Editor, Sarah Gander ([sarah.gander@actuaries.org.uk](mailto:sarah.gander@actuaries.org.uk)).

A copy of GN49 version 1.0 can be found, from its effective date, on the profession's Website at <http://www.actuaries.org.uk/files/pdf/map/Contents.pdf>  
Or at: [http://www.actuaries.org.uk/Display\\_Page.cgi?url=/pensions/pensions\\_gns.xml](http://www.actuaries.org.uk/Display_Page.cgi?url=/pensions/pensions_gns.xml)

Before the effective date, it can be found at:

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Yours sincerely

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Chairman, Pensions Board

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