



Cautionary Tales
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Case Study 1:

You are the appointed Scheme Actuary for a defined benefit pension scheme.

The most recent actuarial valuation was as at 30 September 2011 and was signed off in October 2012. All the paperwork was submitted to the Pension Regulator in line with statutory requirements.

You have just spotted an error in the valuation which has resulted in the technical provisions being understated.

1. Do you have a duty to tell your client, the trustees, about the error? Consider both any strict legal duty as well as professional or commercial duties.
2. Is the position different if you (and your firm) have been appointed since the valuation was signed off?

Case Study 2:

You are the Scheme Actuary for a multi-employer defined benefit scheme.

At the most recent trustee meeting the company informed the trustees that it is thinking of selling one of the employer companies. After that meeting you received a call from the company asking you to give it an estimate of the relevant employer's section 75 debt.

1. Can you as Scheme Actuary provide the estimate, given the conflict requirements of APS P1?

Note: APS P1 definition of Client Advice: "Information or recommendation provided by a Member to a client, which includes a material element of judgment or analysis, upon which that client is entitled to rely".
2. What other issues should you consider in order to manage your risks from giving this estimate?

Case Study 3:

You are the Scheme Actuary of a defined benefits scheme. You have recently finalised the valuation which has been submitted to the Pensions Regulator. The Regulator has written to the trustees to say that it will not sign off the valuation because it considers the assumptions for the technical provisions to lack sufficient prudence.

1. Consider your role in the process of setting the valuation assumptions. What questions should you ask yourself to assess if the Regulator's rejection of the valuation creates any liability risk issues for you and your Firm?