Can Actuaries give Advice in the
Current Legal Framework?

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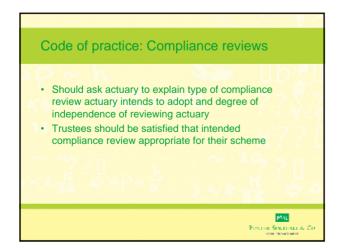
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Code of practice: scope of advice

- Trustees must obtain advice from their actuary before making certain funding decisions
- Need to discuss with actuary scope of advice needed
- Should ask actuary to advise them on any matter they consider relevant even if trustees did not specifically request advice on it

Code of practice: Compliance reviews

- Should ask actuary to explain type of compliance review actuary intends to adopt and degree of independence of reviewing actuary
- Trustees should be satisfied that intended compliance review appropriate for their scheme
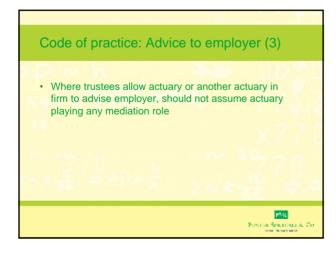
Code of practice: Advice to employer (1)

- Employer may engage their own actuary to advise them, or
- Employers may wish to "obtain calculations, advice or interpretation from trustees' actuary"
- If accept engagement to advise employer, possibility of a "conflict of duty"

Code of practice: Advice to employer (2)

- If scheme actuary intends to accept arrangement to provide advice to employer:
  - Discuss potential implications with trustees
  - Clear understanding of how actuary would recognise a conflict of duty
  - Steps if conflict were to arise
  - Reasonable for trustees to insist that actuary should give up employer appointment if conflict

Code of practice: Advice to employer (3)

- Where trustees allow actuary or another actuary in firm to advise employer, should not assume actuary playing any mediation role

Code of practice: Advice to employer (4)

- How workable is it for actuary to advise both trustees and employer?
- Is it possible that it could be managed without a conflict arising?
- What would a procedure for dealing with possible conflicts look like?

Code of practice: Advice to trustees (1)

- Trustees obliged to obtain advice not to follow advice
- Responsibility for decisions rests with trustees
- Actuary responsible for providing comprehensible advice
- Trustees need to achieve full understanding via:
  - Active questioning
  - Face-to-face meetings

Code of practice: Advice to trustees (2)

- How significant a change in approach is this?
- Old style: actuary recommends contribution rate?
- New style: calculation machine + personal trainer for trustees?
- Where do actuarial advice and lengthy reports fit into the new regime?