Institute and Faculty of Actuaries

Thematic Review

Actuaries as experts in narrower fields: Funeral trust advice

Submission guidance and form

15 July 2021

Institute and Faculty of Actuaries

Practice Area(s)	Funeral trusts
Geographic Scope	United Kingdom
Launch date	15 July 2021
Submission deadline	10 September 2021

The IFoA is reviewing actuarial advice on the financing of UK funeral trusts - seeking examples of annual or triennial valuations and other actuarial advice for Trust-Based Pre-Paid Funeral Plans. In this document, the plans are referred to as “funeral trusts” or “trusts”. This review also covers trusts established by faith community burial societies.

Objectives

The aim of this thematic review is for the IFoA Review Team to assess the range and quality of this type of actuarial advice in order to inform future regulation, guidance and education/CPD. For actuaries taking part, we will provide individual feedback on the examples of advice that are submitted and publish anonymised summary findings to assist with their work.

Scope

The published scope for this review is:

Actuaries as experts (in narrower fields)
Actuarial roles acting in narrow, or less typical, fields of expertise and/or providing advice directly to individual clients or consumers.
Actuaries act as experts in a number of situations to help courts or individuals resolve disputes or quantify long-term liabilities. Although relatively few actuaries carry out these types of work, the impact on their users may be significant and the importance of clear and effective communication is critical. The review will look at current practices adopted by actuaries acting as experts in a range of areas including an analysis of the types of advice given. An initial area of focus is likely to be Funeral Trusts.

The current exercise is focussed on funeral trusts. We will revisit this topic in due course to cover other practice areas.

How to take part

Here are the steps you need to follow to take part in this review:

1	**Select examples**	Select one or two examples of actuarial advice according to size of client portfolio
2	**Redact**	Remove information identifying client
3	**Complete form**	Complete submission form - see next page - attaching examples to submission form
4	**Set-up data transfer**	Set-up Egress credentials - see details on page 3
5	**Sign undertaking**	Sign confidentiality undertaking
6	**Upload**	Upload submission form and signed confidentiality undertaking to Egress

For further information and questions and answers see pages 3 and 4, below, (following the submission form on page 2).

Thank you for taking part in this review. Your input is very valuable to the IFoA.

If you have further questions please get in touch with the Review Team (reviews@actuaries.org.uk).

Submission Form

Please use this form to submit your examples for one or two funeral trusts. You should attach documents to the form by clicking on the red button below. Check which documents you have attached by clicking on the paperclip icon on the left or by selecting “View>Show/Hide>Navigation Panes>Attachments”.

We use the information you supply to assist with our review. When completing the form, please only include personal data relevant to your submission and that you are lawfully entitled to supply. Any personal data provided on this form, or otherwise, will be processed in accordance with UK data protection law and the IFoA’s Privacy Policy.

1. Declaration

In checking the box below I confirm that I am authorised by the Organisation under the terms of the Confidentiality Undertaking given by the IFoA to the Organisation to share with the IFoA any and all information about the Organisation pursuant to this review being undertaken by the IFoA and am lawfully entitled to provide the information requested and any personal data supplied on behalf of my Organisation.

Signed (by checking)		**on behalf of**		**(the Organisation)**
Name				**Please click here to attach the valuation report(s), and other documentation**
Job title				
Date				

Does the submission cover 1 or 2 trusts? If 2, please use columns A and B. If 1, please use A only. Select

2. Signing actuary (or actuaries), all optional	**A**	**B**
Name		
Email address		
ARN		

3. Report(s) and related work	**A**	**B**
Report date		
In terms of APS X2, how was the work reviewed?	Select	Select
If “Other,” or if the approach differed across documents, please provide a brief description of any other reviews. Please make clear whether the response relates to submission A, B or both.		
Is the trust’s provider registered with the FPA?	Select	Select

4. Advice given to trust/provider in last 3 years	**A**	**B**	**Please tick all that apply**	**A**	**B**
Actuarial valuation			Asset adequacy report		
Advice on funeral plan pricing			Investment advice, including liability matching		
Advice on potential FCA registration			M&A advice		
Advice on surplus distribution or deficit repair			Other, including advice on operations/governance		
If “Other,” please specify					

5. Follow-up meeting and report preferences	**A**	**B**
Would the signing actuary be prepared to discuss their advice directly with the Review Team? If so, we will make contact using the email address provided above to make arrangements.	Select	Select
When the review report is published on the IFoA website are you content for your organisation’s name to appear on a list of participants? No details of any submission will be attributed to any organisation.	Select	Select

6. Other relevant information

Is there any other information you would like to share with the Review Team? Please make clear whether comments apply to submission A, B or both.

Please upload your completed form to Egress, as described below (How to take part>Step 4>Set-up secure data transfer). If you have any questions about using Egress please contact the Review Team (reviews@actuaries.org.uk).

Below are more details on taking part in this review and some questions and answers on the process.

How to take part

Step 1, Select examples

We are aiming to review actuarial advice provided to trustees on the financing of funeral trusts. We are asking organisations to provide recent examples of annual or triennial valuation reports, along with related advice given around the same time. This is likely to depend on how the advice was delivered, and may include:

- associated certificates
- presentations
- separate advice on particular assumptions
- advice on implications of surplus or deficit
- advice on pricing
- latest asset adequacy report

If you are unsure whether to submit a certain document please contact the Review Team (reviews@actuaries.org.uk).

We are asking organisations to provide either 1 or 2 examples of advice, according to the number of trusts they advise:

Number of funeral trust appointments	Number of examples requested
1 or 2	1
More than 2	2

Organisations should exercise their own judgement to select examples, but please consider the need to be representative, (*i.e.* those submitting two examples should try to ensure variety when possible). This may include submitting examples from:

- two different signing actuaries
- different types of advice
- one larger trust and one smaller trust (relative to your organisation's client base)
- Funeral Planning Authority members / non-members
- two different types of trust (*e.g.* a trust closely connected to the provider, a trust working independently/different sales channels, or a trust connected to a faith community)

Step 2, Redact examples

To maintain client confidentiality, organisations should redact advice before submission, in particular to remove information which could lead to the identification of the client, (*i.e.* the trust and provider names, as well as any other client-specific information) or the identification of any individual other than the signing actuary

Step 3, Complete submission form and attach redacted examples

Following redaction, please complete the submission from above (page 2).

You can attach all relevant documents to the form by clicking on "Please click here to attach the report(s), and other documentation". You can check which documents you have attached to the form by clicking on the "paperclip" icon on the left-hand bar or by selecting "View>Show/Hide>Navigation Panes>Attachments". If attaching multiple documents for two clients please ensure that the filenames include references to A and B to help us identify advice relating to each client.

Step 4, Set-up secure data transfer

Before you submit we will set up a secure data transfer folder for your organisation on Egress. This will allow you to upload files to a secure location to which only your selected employees and the IFoA Review Team have access. Egress is more secure than email and very easy to use.

We will be emailing all organisations involved in initial stakeholdering to request participation. That email will give each organisation access to their own secure Egress folder. Others who want to take part should request a folder from the Review Team (reviews@actuaries.org.uk).

Step 5, Sign Confidentiality Undertaking

The IFoA will put in place a Confidentiality Undertaking for each organisation sharing information for a Thematic Review. The undertaking also covers future reviews, so any undertaking given for a previous review continues to apply. If you have not already received a pre-signed Confidentiality Undertaking please get in touch at reviews@actuaries.org.uk.

Step 6, Upload documents

Once the above steps have been completed, the organisation will be ready to upload the following materials to Egress:

- countersigned confidentiality undertaking
- completed submission form, with all relevant documents attached

The Review Team will automatically be notified of the upload, so there is no need to contact the IFoA separately.

Questions and answers

1	**Can we submit reports without redactions?**
	The IFoA has taken special measures to store securely all materials received for the Thematic Review Programme. Materials are only accessible by members of the Review Team. Organisations can choose at their own risk to submit reports without redactions. We also understand that some actuaries will seek authority from their client to submit information to us.
2	**My latest funeral trust valuation was completed some time ago. Should this still be submitted?**
	Yes, we are looking for the most recent valuation you have prepared for the selected funeral trust. For FPA member trusts this should be less than a year old, and for others we appreciate it may be less recent. If you are intending to complete the valuation process in the weeks after the submission deadline, please let us know as we would be happy for you to provide a late submission.
3	**We prepared a presentation in advance of the formal valuation report to summarise the valuation results to the funeral plan trustees. Should we submit this to the review?**
	Yes, these should be submitted to help the Review Team understand the overall valuation process. Documents can be attached to the submission form.
4	**The actuarial advice refers to separate documents in relation to one or more key assumptions. Should this be submitted too?**
	Yes, these should be submitted as they are relevant to the overall advice to the trustees.
5	**Should I submit any follow-up advice?**
	If there was follow-up communication to clarify points made in the main actuarial advice, or for example to comment on the treatment of a surplus or deficit, this should also be submitted.

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