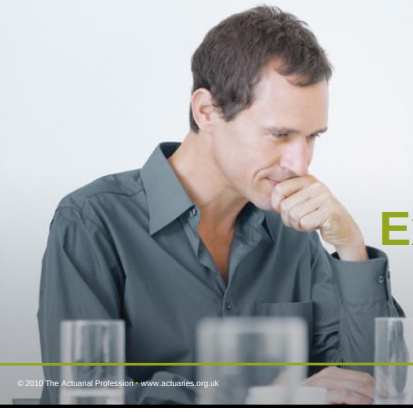
The Actuarial Profession
making financial sense of the future

Speaker: Tony Hewitt



Incentivised Transfer Exercises – The Dangers

Current Issues in Pensions – Autumn 2011

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A quick recap on the Actuaries' Code

- Integrity
- Competence and Care
- Impartiality
- Compliance
- Open Communication

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A quick recap on the Actuaries' Code

- Status and Purpose

  "..,principles which members are expected to observe in the public interest..."

- Para 1

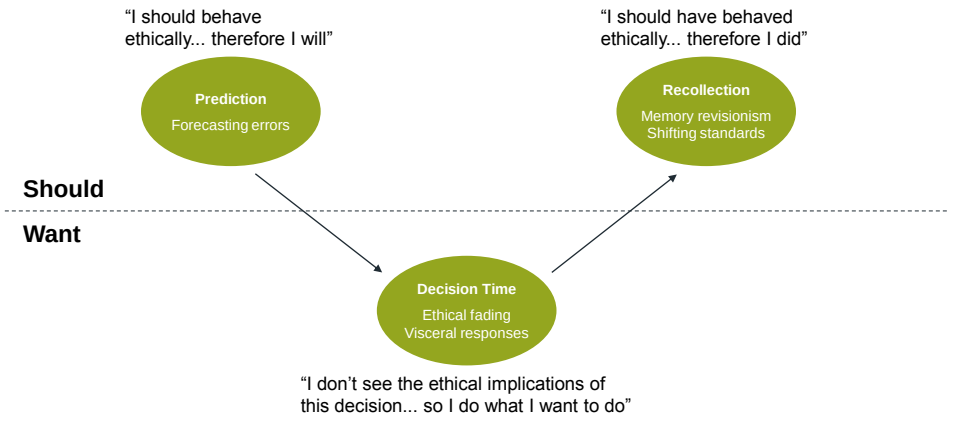
  "Members will act honestly and with the highest standards of integrity"

- Para 2.4

  "Members will take care that....appropriate to instructions and needs of the client.....having due regard to others, such as....members of a pension scheme"

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Blind Spots – ethical fading and ethical bias



Bazerman & Tenbrunsel – "Blind Spots" – Princeton University Press, 2011

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Popular Arguments

- "It's legal, therefore its okay"
- "My client's requirements are paramount"
- "If I didn't do it, someone else will"
- "It's up to the regulators to set the rules"
- "So long as the member has access to independent financial advice everything is okay"
- "ETV is greater than normal CETV so is therefore good"

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Motivation

- Driven by Employer for Employer's benefit
- Is everyone a winner?
  - Advisers
  - Employer
  - Trustees
  - Members

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Criteria for Success

- Take up rate?
- Outcome based
- Pension time bomb
- Horizon

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How do you solve dilemmas and do the right thing?

- Analyze the dilemma carefully – who's involved, what are the facts, what are the options, can you find a **cunning plan**?
- You need to ask the RIGHT questions
  - Rules – What are the rules?
  - Integrity – How do your principles guide you?
  - Good – Who would benefit and how?
  - Harm – Who could be harmed and how?
  - Truth – Are we being honest and accountable?
- Test your decision – does it build trust, will it stand the test of time, have you shown courage?

[Source: Ethicability by Roger Steare]

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What is meant by serving the public interest?

- As members of a chartered profession, actuaries have a core obligation to serve the public interest
- Purpose of the Actuaries' Code:
  - To serve the public interest
  - To build and promote confidence [trust] in the work of actuaries and in the Actuarial Profession

TWO SIDES OF THE SAME COIN

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Questions or comments?

Expressions of individual views by members of The Actuarial Profession are encouraged

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