



The Actuarial Profession

making financial sense of the future

Management Actions in a With-Profits Fund

A Discussion Paper presented on the 2nd November 2009

The influence of the profession

We are central to management actions

- Modelled in future scenarios
- Taken in reality

Where are we in defining TCF?

- FSA handbook
- Current FSA survey of practice
- Professional papers, speeches, seminars?

The position of the profession

Questions raised over the strains on the With-Profits Actuary

- Does the role need further support?
- Is the role clear cut between stakeholders?

Profession's position statements on matters of public interest

- Difficulty of getting consensus
- How are these viewed by commentators

The management of these funds (1)

Are they becoming more uniform?

- So tighter definitions of acceptable discretion?
- Opportunity for actuaries to “benchmark” actions

Or do they still represent a sharing of fortunes unique to each fund?

- A complex patchwork of practices
- Actuarial principles remain high level

Either way an ideal product for consumers?

The management of these funds (2)

Is the capital management procyclical?

- Targeting economic capital/ICA leads to virtuous and vicious circles?
- Greater realism means more or less volatility – more or less expensive asset trading?

Will management look to neutralise risks?

- Greater hedging
- Greater intra group contracts



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