

The Actuarial Profession
making financial sense of the future

2003 Pensions Convention

Pensions Board – Are you really serving the members' interests?

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1 - 3 June
Grand Hotel, Brighton

Serving the members' interests?

■ **Members?**

- Current members?
- Future members?
- Pension scheme members?



■ **Members' interests?**

- Financial interests?
- Professional reputation?
- All members?

Serving the members' interests?

Should the Institute / Pensions Board act like a trade association?

■ **Protectionism**

- Defending / defining / expanding the (statutory) role of actuaries
- Scheme actuary appointments, statutory certificates etc etc

■ **Barriers to entry**

- Encourage complicated standards (and legislation)
- Transfer values / Actuarial valuations / MFR / DC projections
- Proliferation of Guidance Notes

■ **Defending members' professionalism?**

- All-embracing standards, lots of freedom, justifying all views
- Relaxed approach to CPD / Peer review
- Confident of ability to manage conflicts of interest

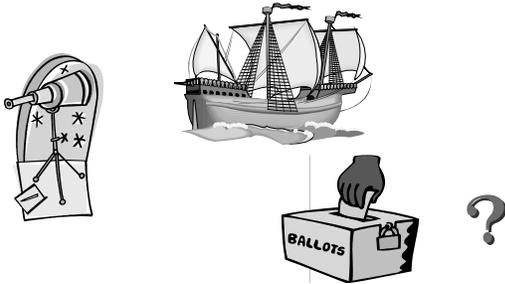
Serving the members' interests?

Should Pensions Board take a purist intellectual role?

- **Pushing back the barriers**
 - Leading the intellectual debate
 - Commissioning new research
 - Developing new thinking
- **Professional standards**
 - Highly prescriptive
 - Strict peer review / CPD requirements (subject to external audit)
 - Very rigorous approach to conflicts of interest
- **Being "right" regardless of the consequences**
 - even if, for example, it could mean actuaries replaced by computers, or
 - It brings about the collapse of a company and/or pension scheme



Is scientific endeavour a democratic process?



Serving the members' interests?

Should Pensions Board be looking after "company" interests?

- **Support opaque accounting standards**
 - Justification for wide range of assumptions
 - Lots of professional freedom
- **Relaxed approach to funding / actuarial valuations**
 - Justification for wide range of assumptions
 - Lots of professional freedom
 - Pension promise is a hope not a guarantee
 - Discourage conflict with trustees
 - Support weakening / abolition of MFR
 - Discourage too much disclosure
 - Relaxed approach to transfer values

Serving the members' interests?

Should Pensions Board be looking after trustee interests?

- Does this include members' future service rights?
- Recognition of significant trustee / company conflict
 - Encourage trustees to use whatever powers they have
 - Encourage trustees to stand up to companies
- Rigorous approach to funding / actuarial valuations
 - Support strengthening of MFR
 - Focus on maintaining solvency / discontinuance position
 - Seek to guarantee pension promise as far as possible
 - Reduced professional freedom
 - Encourage more disclosure
 - Tougher stance on transfer values



Serving the members' interests?

Should Pensions Board take a lobbying role?

- Who for?
- What for?
- How?



Who is controlling the debate?

- Pensions Board?
- Communications Board?
- NAPF
- Large employers
- The accountants (ASB / IASB / FASB) ?
- Government
- The Press



Serving the members' interests?

I believe the Pensions Board should:

- **Support and promote the actuarial profession**
 - Maintain our integrity and professionalism
 - Avoid getting into harmful public or political debate
- **Lead the intellectual debate**
 - Concern about consensus
- **Not seek to look after or lobby for other parties' interests**
 - Even, for example, to protect the future of DB pension schemes
 - But seek to maintain our intellectual high ground
- **Focus on enhancing professional standards**
 - More guidance on conflicts of interest / clarity on role of Scheme Actuary
 - Stricter peer review / CPD requirements (subject to external audit)
 - Must be able to demonstrate we can keep "our house in order" and avoid possibility of external control
