



**The Actuarial Profession**

making financial sense of the future

# The Pensions TAS

## Open Forum



6 July 2011

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# Objectives

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- Difficulties/Concerns
- Solutions adopted
- Chatham House Rules

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# Structure

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- Identify Areas
- Break-out groups
- Report back
- Further action

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# Possible Areas

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- Advising Employers on Scheme Funding Assessment
- Materiality
- Data
- Neutral estimate
- In scope?
- Legislative uncertainty
- Developments since the effective date
- Planning/costs/compliance

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# Advising Employers on Scheme Funding Assessment

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- Scope – general advice/commentary or material input to Scheme Funding outcome
- Data requirements – details of assets, SIP, membership profile for, eg, mortality advice
- Reliance on Scheme Actuary's calculations – do you have understanding of approach, approximations, materiality
- Presentation of advice/reporting – TAS R, TAS D, TAS M

# Materiality

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- Who decides? – eg, FRS17
- Approximations
- Departures from TAS – justification
- Projections

# Data

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- Membership data – quality/uncertainty
- Scheme benefits – Rules v booklet; equalisation; legislation; legal opinions
- Asset data
- Financial data/demographic data
- Parties with influence/control

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# Neutral estimate

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- Whose estimate?
- Relationship with CETV basis?
- At what point in the process?
- Financial assumptions
- Demographic assumptions
- Range of neutral estimates?



# In scope?

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- Informal updates (Scheme Funding/FRS17) – when do they come into scope?
- Section 75 debt estimates/advice – to whom and for what purpose?
- Reference Scheme test calculations/certificate?
- Section 179/Section 143/Advice on PPF entry?
- Transition through buy-in to buy-out? Buy-in not in scope but what if part of longer-term strategy to buy-out?
- PPF levy management?
- Follow up queries following “sign off” of advice?

# Legislative Uncertainty

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The following are possible areas of legislative uncertainty that could affect clients. There may be others. Are issues of legal uncertainty presenting us with difficulty?

- CPI/RPI
- Equalisation
- GMP equalisation
- Test Achats

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# Developments since the effective date

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- Significant time-lapse for Scheme Funding Report – could be significant developments that impact on funding.
  - Do we monitor?
  - Do we update data?
  - Are approximations acceptable

# Planning/Costs/Compliance

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- Project plans – level of detail – decision points
- Simplicity v compliance – how do we balance?
- Material departures – examples of material departures disclosed?
- Cost of compliance v benefit to client?
- Compliance checks – component reports can in themselves be aggregate report. Final aggregate report may be collection of component reports.

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# Break-out Groups

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- Group 1 - Slides 4 and 5
- Group 2 - Slides 6 and 7
- Group 3 - Slides 8 and 9
- Group 4 - Slides 10 and 11
- Group 5 - Slides 5 and 7

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