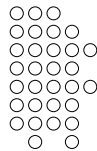


Professionalism

2004 Pensions Convention

Jeremy Goford
7 June 2004



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Professionalism



- Your Principal is your Client / Employer
- You come with professional baggage
 - PCS / GNs (and you know them) / Act SB
 - To apply sound judgement within the spirit of standards when standards are not prescriptive
 - Apply principles and rules
 - Practising certificate / CPD requirements

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Professionalism



- You take account of the business context of your client / employer
 - Implications for customers / employees
 - Implications for the business / public interest
 - Insights
- You acknowledge that you may be personally liable for the advice you give

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Professionalism

- You pay attention to the environment
 - Legislative / regulatory
 - Tax
 - Accounting / auditing standards
- You think before you act
- You ask if you are unsure
- You get involved in the business

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You avoid conflicts

- Conflicts of Interest Task Force - draft
 - Conflicts between actuary and client
 - Conflicts between two clients of an actuary
 - Whistleblowing creates a conflict
 - Express informed consent required
 - Flawed governance
 - Trustees are senior managers
 - With-Profits actuary is an employee
 - Go with it?

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You avoid conflicts

- Consider potential conflicts that could be incapable of being managed
- Disclose potential and actual conflicts – as an ongoing requirement
- Informed client consent to the actuary managing the conflict
- Two tests
 - Act fairly
 - Act without inhibition

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You maintain independence

- Of mind
- Of appearance where necessary eg peer review
- Threats
 - Self-interest
 - Self-review
 - Familiarity
 - Intimidation

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A Professional Job

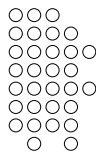
Thinking through the project

BIG
PROBLEM

ANSWERS

NB Blue squares are what you do now, grey squares are future actions that you are thinking now about how you will do them then.

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Professionalism

Did you hear it right?

Are you listening?

What's the question?

What's the problem?

What's the hidden agenda?

Who are you?

Are you competent?

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A Professional Job

- Is it advisory or executive?
- Who's got the problem?
- What is a problem?

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A Professional Job



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A Professional Job

- Is the problem clearly stated?
- What are the questions?
- Will the answers be relevant in finding an optimal solution to the problem?

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A 7x5 grid of circles. The first four rows are full (5 circles each). The fifth row has 4 circles (missing the last one). The sixth row has 3 circles (missing the last two). The seventh row has 2 circles (missing the last three).



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A 7x3 grid of circles. The first three rows are full (3 circles each). The fourth row has 2 circles (missing the last one). The fifth row has 2 circles (missing the last one). The sixth row has 2 circles (missing the last one). The seventh row has 1 circle (missing the last two).



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A Professional Job

- In answering the questions, have you got all the relevant facts that you can find?
- Where facts are short what experience is there to fill the gap?
- What support do you have that the experience is relevant?
- Who will review what you have done?

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A Professional Job



REVIEW*

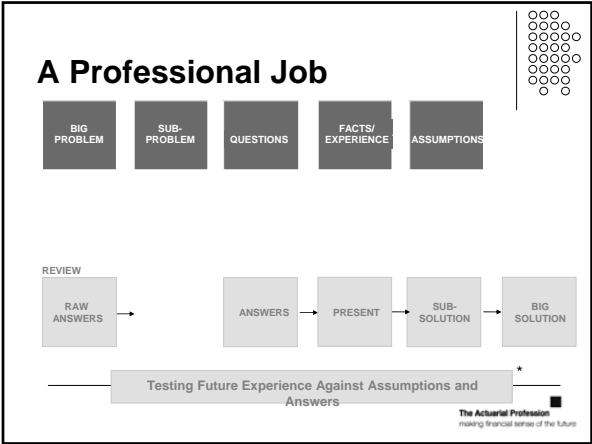


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A Professional Job

- What assumptions do you have to make?
- How will your assumptions affect the answers?
- How do you record your assumptions so that they can be tested against future experience?

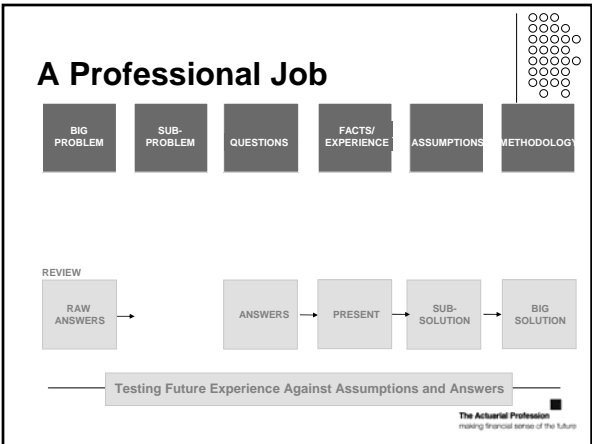
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A Professional Job

- How standard is your methodology?
- What justifications do you have for departing from standard methodologies?
- Are your methodologies transparent?

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A Professional Job

- Do the answers look reasonable?
- Do the sensitivity tests look reasonable?
- What range of answers is consistent with your confidence in your assumptions?
- Have you had it reviewed by a peer?

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A Professional Job



Testing Future Experience Against Assumptions and Answers

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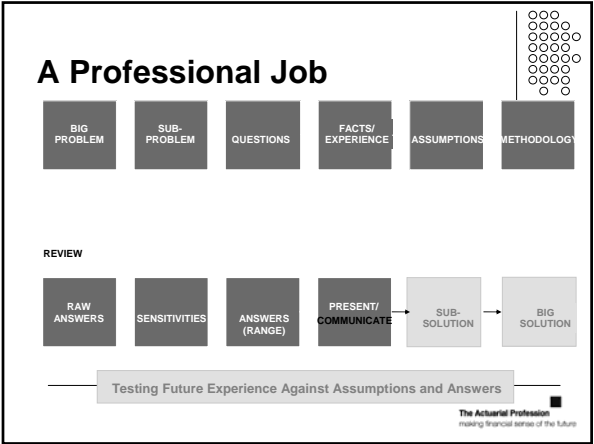


A Professional Job

- Is your communication of the answers well designed for how the problem-owner listens?
- Do you have the problem-owner's full attention?
- Have you checked that the problem-owner has fully understood your answers?

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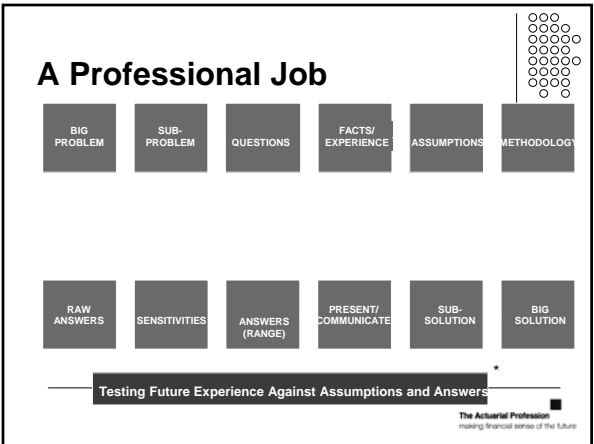




A Professional Job

- Can you demonstrate how your answers help to provide an optimal solution to the problem?
- Have the answers given rise to more questions? To more problems?
- What broader experience can you bring to help guide the problem-owner to the optimal solution?
- What more help can you provide?


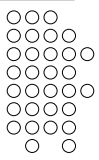
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