

### Where are we now?

- Over the last few years, the expectations of many Trustee Boards of what they want from their actuaries have changed
- The Pensions Regulator expects Trustees to understand and challenge the advice given by their actuaries more than they previously have done.
- "Morris" recommends that Trustees should market-test their actuarial advisers at least once every six years.
- The market place has probably never been more competitive



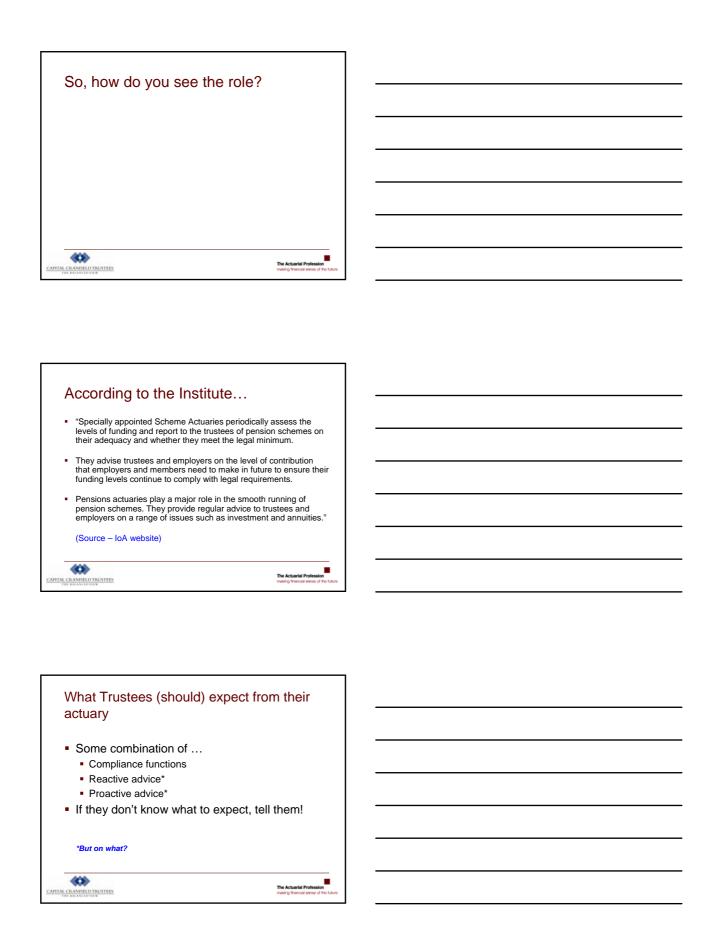
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### Themes for today's discussion

- What is the role of the actuary?
- What Trustees like
- What annoys Trustees
- Assessing an actuary's performance
- Selecting an actuary
- In conclusion...keeping clients



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# What sort of advice may Trustees expect from their actuary? Funding Pensions law Rule interpretation Investment (strategy and execution) Administration Member communications Covenant monitoring Exercising discretions

### What Trustees like... Continuity of personnel Real commitment Technical expertise Quality of advice Broad-based experience Accuracy of work Clear communications In-depth scheme knowledge Sensitivity to Company / Union Positive recommendations issues Reliability of service Pragmatic approach Easy availability Innovative approach Timely advice Good milestone reporting Good cost management Education and coaching Cooperation with other advisers Friendliness CAPITAL CRANFIELD TRUSTEES THE BALANCED VIEW

### But what is most important? The Actuarial Profession ready branch street of the Later

### What annoys Trustees... Errors and omissions Technical weakness Equivocation Arrogance Lack of preparation for meetings Poor memory of oral advice given previously Inefficiency Lack of knowledge of what other schemes are doing The scheme of the scheme Excessive use of jargon Lack of guidance Condescension • "All brains, no intelligence" "Ivory Tower" approach Poor planning / project Cost overruns Lack of empathy management Excessive cross-selling Lack of backup resources Unwillingness to provide general advice Inflexibility 400 CAPITAL CRANFIELD TRUSTEES But what is worst? Performance assessment - two key questions By what criteria would you wish the Trustees to judge your performance? What evidence should the Trustees look for?

DTRUSTEES

## An example of an assessment exercise... In the last year How well did she brief us about the changes in the funding regime? How helpful was she in relation to assessing the company's covenant? How well did she involve us in the valuation process? How well did she explain the rationale behind her assumptions? To what extent did she advise and guide us, as opposed to just presenting the options? Have her fees been in line with the budget? Has she done anything or added any value over and above what we pay her for?

### An example of a selection scoresheet...

Criterion	Weight	Source of evidence
Professional reputation	5	Views of auditor / solicitor / investment managers
Calibre of proposed team	5	Qualifications, experience, other clients, interview
Clientbase satisfaction	4	References, internal surveys, external surveys
Costs	3	Estimates, charging basis, charge-out rates
Strength & stability of company	3	Ownership structure, company accounts
Value-added approach	3	Case histories
Technical support resources	2	Internal organogram, % of income allocated
Quality standards	1	Formal documented QA methodology



### In conclusion - how to keep Trustees happy

- Make sure you know what we expect
- Make sure you don't make mistakes
- Be keen and enthusiastic
- Help us with the big picture
- Get off the fence advise us
- Tell us what we need to know, but no more!
- Explain things clearly
- Keep your promises
- Work cost-efficiently

Then we'll reappoint you!



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