



Institute
and Faculty
of Actuaries

Thematic Review

Actuarial Factors in Pension Schemes

Submission Guidance

2 March 2020



Practice Area(s)	Pensions
Geographic Scope	United Kingdom
Launch Date	2 March 2020
Submission deadline	extended to 29 May 2020

IFoA is reviewing actuarial advice in relation to the setting of transfer values and commutation rates. We are looking for examples where actuarial advice has been given in relation to both these types of factors, at or around the same time. This document is a practical guide, for the convenience of contributing organisations, to taking part in this review. If you have any further questions, please do not hesitate to get in touch with the Review Team by emailing reviews@actuaries.org.uk.

Thank you for taking part in this Thematic Review. Your input is very valuable to the IFoA.

Step-by-Step Submission Guide

Step 1, Secure Data Transfer

Before an organisation can submit any information as part of this review, the IFoA will set up a secure data transfer area on Egress. This will allow your organisation to upload files to a secure location to which only selected employees at the organisation and the IFoA Review Team will have access. Egress is much more secure than email, and very easy to use.

The Review Team will be writing to representatives at all organisations employing 5 or more Scheme Actuary Practising Certificate holders to request contributions. In that communication those organisations will be given access to a bespoke secure Egress folder. Organisations employing 1 to 4 Scheme Actuaries and who would like to contribute to this review should get in touch with the Review Team (reviews@actuaries.org.uk) and request an Egress folder for their organisation.

Step 2, Confidentiality Undertakings

The IFoA will put in place a Confidentiality Undertaking with each organisation sharing information under the Thematic Review Programme. Organisations are encouraged to air concerns around the Confidentiality Undertaking as soon as possible, so that this does not hold up submissions to the review. The Confidentiality Undertaking is also intended to cover submissions under future Thematic Reviews from the organisation concerned.

Step 3, Selecting Examples of Actuarial Advice

We are seeking a number of examples of actuarial advice from each organisation according to the number of Scheme Actuary Practising Certificate (PC) holders employed:

Scheme Actuary PC holders	Examples of advice requested	*Small organisations with 30 or more Scheme Actuary clients should submit 2 samples.
> 50	7	
20 – 49	4	
10 – 19	3	
5 – 9	2	
< 5	1 *	

Each organisation should exercise its own judgement in selecting examples of actuarial advice to be submitted, but we ask that organisations consider the general need to be representative, whenever possible. Therefore, organisations submitting several examples should seek to ensure variety between and across the examples chosen. Such variety may include variation in the:

- **size of schemes**, *i.e.* examples from large and small schemes relative to the organisation's client base
- **powers associated with setting commutation rates**, *e.g.* schemes where the trustees have the power; schemes where the Scheme Actuary has the power, over setting rates
- **reason for the review**, *e.g.* was the review instigated as part of the trustee business plan, as a result of a request from the actuary, or at the request of the sponsor
- **range of actuarial factors**, *i.e.* examples across range of benchmarking by organisation
- **actuaries**, *i.e.* examples authored by different individual actuaries from the organisation

Step-by-Step Submission Guide

Step 4, Redaction

In order to maintain client confidentiality, organisations are asked to redact the actuarial advice prior to submission.

What should be redacted?

Actuarial advice should be redacted to conceal any information which could lead to the identification of:

- the client to whom advice has been provided, e.g. the scheme name; and,
- any individual other than the Scheme Actuary who has provided the advice.

What may be redacted?

The following information may be redacted, at the organisation's discretion, any information which could lead to the:

- identification of the Scheme Actuary

N.B. It should be noted that we are looking to conduct follow-up meetings and video conferences with a subset of contributing Scheme Actuaries and those wishing to participate will need to identify themselves. In all cases, we will provide generic feedback on the actuarial work to an agreed individual at the submitting organisation.

It should be noted that the names of individuals will not be shared outside the IFoA Review Team and will not form part of any reporting other than feedback directly to an individual who has provided examples of their own work.

What should not be redacted?

The following information should be kept:

- any information, branding *etc.*, which could lead to the identification of the organisation submitting the actuarial work;
- generic terms (e.g. "Scheme", "Plan", "Trust", "Company", "Bank") included in the name of the scheme or client unless the use of those terms risks identifying the client; and,
- overall structure of the actuarial work, in order to allow the Review Team, as near as possible, to review the advice as it was provided. This includes retaining any advice relating to other actuarial factors (e.g. early retirement factors) contained in a report, even though they are not subject to this thematic review.

Step 5, Submission of Examples of Actuarial Advice

Once an organisation has redacted the examples of actuarial advice to be submitted, they should complete the [Submission Form](#) and upload the actuarial advice using the "Please click here to attach the report or other documentation" button to attach any and all relevant documentation (see "Questions and Answers", below, for further guidance on what documentation may be required).

Contributors can check which documents have been attached to the Submission Form by selecting "View>Show/Hide>Navigation Panes>Attachments".

One Submission Form should be completed for each pension scheme for which the organisation is providing examples of actuarial advice. Once a Submission Form is complete, with all the relevant documents attached, simply upload it to Egress. The Review Team will automatically be notified of the upload. There is therefore no need to notify the IFoA that the submission has been made, by email or otherwise.

Step 6, Submission of Benchmarking Data

As part of wider data gathering, in conjunction with this review, we are also seeking organisational benchmarking data in relation to transfer values and commutation rates. This consists of sample transfer values and commutation rates at key ages, based on recent benchmarking studies that your organisation has completed. You should provide this information using the [Benchmarking](#)

Step-by-Step Submission Guide

Questionnaire, found on the IFoA website. The steps set out above under “Step 5,” also apply to this form.

Submission of Examples of Actuarial Advice – Questions and Answers

1	Q	In most cases, the decision to set transfer values and commutation rates rests with the Trustees. How is this being taken into account?
	A	We understand that the actuary may not always be the decision-maker. However, the actuary provides the key information and advice to help the trustees set these actuarial factors. We are looking at this advice and are also seeking to collect contextual information – for example details of the specific role of the actuary, and the factors implemented.
2	Q	The advice for transfer values and commutation rates is set out in separate documents, so should I submit both?
	A	Yes, if there are two (or more) documents they should all be submitted.
3	Q	Should the advice submitted cover the calculation of trivial commutation and/or non-statutory transfers?
	A	Yes, advice in these areas should also be included if it was provided in the same document, or provided separately at around the same time or as part of the same exercise.
4	Q	Should I submit any follow-up advice on the actuarial factors?
	A	If there was follow-up communication to clarify points made in the main actuarial advice, or to confirm the Trustees’ decision, this should also be submitted. We are not, however, looking for material (e.g. transfer value instructions) provided to enable the scheme administrator to implement any updated actuarial factors.
5	Q	Can we submit more examples than requested?
	A	Yes, if you believe this would be appropriate to reflect a range of situations. However, whilst the IFoA will aim to review all the examples it receives, priority will be given to reviewing the number of examples requested from each organisation.
6	Q	Can we submit fewer examples than requested?
	A	We are seeking a range of examples from larger organisations. We therefore prefer that organisations submit the number of examples requested.
7	Q	Can we submit reports without redactions?
	A	The IFoA has taken special measures to securely store all materials received for the Thematic Review Programme. Materials will only be accessed by members of the Review Team. Organisations can choose at their own risk to submit reports without redactions. Please note that, before submitting any information the organisation should have agreed a Confidentiality Undertaking with the IFoA. If you have not already received a Confidentiality Undertaking please get in touch at reviews@actuaries.org.uk .
8	Q	Should advice on other actuarial factors (e.g. early/late retirement) be redacted?
	A	No. You should not delete this advice if it is contained in the same document, as there may be cross-references and comparisons which are relevant to the review. The setting of these other actuarial factors will not, however, form part of this review.

9	Q	The transfer value advice refers to a separate document in relation to the treatment of Guaranteed Minimum Pension (GMP) Equalisation. Should this be submitted too?
	A	Yes, this should be submitted as it is relevant to the overall advice on the calculation of transfer values.

Submission of Benchmarking Data – Questions and Answers		
1	Q	Our benchmarking takes account of the role of the actuary, and different types of pension increases. Should we submit multiple sample rates?
	A	<p>No. We appreciate that organisations will have carried out their own benchmarking in different ways and it may be more detailed than the information we have requested. Please combine the benchmarking that your organisation has available to provide the overall quartile information at the ages requested so that we can compare like-for-like as far as possible. Please combine any unisex actuarial factors with both the male-specific and female-specific rates so that we can build up a picture of the range of rates available to male and female pension scheme members.</p> <p>Please also use the comments boxes to provide additional context and submit your overall benchmarking information using the upload facility.</p>
2	Q	Our benchmarking has been based on different types of benefit features and/or at different effective dates. Should I submit it?
	A	Yes, the Review Team would find all benchmarking information valuable. If it is practical, please “convert” the rates to the requested form of benefits/market conditions at the ages indicated. Please use the “Other Relevant Information” boxes to outline what actions you have taken, or to indicate if you have not adjusted the rates.
3	Q	Our benchmarking is not as detailed as requested. What should I submit?
	A	Please submit what is readily available, e.g. if only commutation rate benchmarking is available (<i>i.e.</i> not transfer value benchmarking) please submit commutation rates. Similarly if you are able to provide median rates but not the quartiles <i>etc.</i> , then you should just provide those.
4	Q	We have detailed benchmarking available, but it is challenging to convert it to be in the format requested. What should I submit?
	A	Please submit documentation using the “Please click here to attach...” buttons.



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