

## 2003 Pensions Convention

1 - 3 June  
Grand Hotel, Brighton

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## Serving Members Interests?

Ronnie Bowie

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## Pensions Board Purpose

- High Standards
- Public Interest
- Plan of Action

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What are members interests?

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### Some practical examples

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- Transfer values
- Regulation 30 certificates
- EXD 51

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Freedom  
v  
Prescription

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Selling moonshine?

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Financial economists  
v  
Traditionalists

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Nature of the pensions promise

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Composition of Board

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Your input

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**The Actuarial Profession**



making financial sense of the future

2003 Pensions Convention

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

Charles Cowling

1 - 3 June

Grand Hotel, Brighton

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### Serving the members' interests?

- **Members?**
  - Current members?
  - Future members?
  - Pension scheme members?
- **Members' interests?**
  - Financial interests?
  - Professional reputation?
  - All members?



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### 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

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### 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



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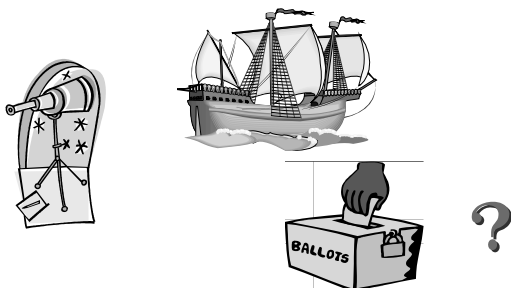
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### Is scientific endeavour a democratic process?



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### 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

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### 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



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## Serving the members' interests?

Should Pensions Board take a lobbying role?

- Who for?
- What for?
- How?



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## Who is controlling the debate?

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



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## 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

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