



**The Actuarial Profession**

making financial sense of the future

## **Consultation Response** **Department for Work and Pensions**

Workplace pension reform-automatic enrolment earnings thresholds:  
review and revision 2012-13

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26 January 12

## **About the Institute and Faculty of Actuaries**

The Institute and Faculty of Actuaries is the chartered professional body for actuaries in the United Kingdom. A rigorous examination system is supported by a programme of continuous professional development and a professional code of conduct supports high standards, reflecting the significant role of the Profession in society.

Actuaries' training is founded on mathematical and statistical techniques used in insurance, pension fund management and investment and then builds the management skills associated with the application of these techniques. The training includes the derivation and application of 'mortality tables' used to assess probabilities of death or survival. It also includes the financial mathematics of interest and risk associated with different investment vehicles – from simple deposits through to complex stock market derivatives.

Actuaries provide commercial, financial and prudential advice on the management of a business' assets and liabilities, especially where long term management and planning are critical to the success of any business venture. A majority of actuaries work for insurance companies or pension funds – either as their direct employees or in firms which undertake work on a consultancy basis – but they also advise individuals and offer comment on social and public interest issues. Members of the profession have a statutory role in the supervision of pension funds and life insurance companies as well as a statutory role to provide actuarial opinions for managing agents at Lloyd's.

23 January 2012

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Dear Ms Stewart

**Workplace pension reform – automatic enrolment earnings thresholds: review and revision  
2012-13**

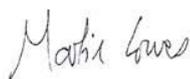
Thank you for the opportunity to respond on the consultation on 'Workplace pension reform – automatic enrolment earnings thresholds: review and revision 2012-13'.

The options considered for the choice of figures for the automatic enrolment earnings trigger and the lower and upper limits of the qualifying earnings band set for the 2012-13 year do not raise any issues for the Actuarial Profession, so we have not provided responses to the specific questions asked.

However, we believe that it is difficult for the pensions industry and for employers to plan for the future without a clearer picture as to how these thresholds are likely to be increased in future years. There is little indication in the current consultation as to what approach the Secretary of State will follow in making decisions for future annual revisions. We suggest that it would be helpful, and provide for greater transparency, to give more direction in this area.

If you have any questions or would like to discuss this further please do not hesitate to contact us. Please contact Kirstin Lambert (0207 632 2168 or via [Kirstin.lambert@actuaries.org.uk](mailto:Kirstin.lambert@actuaries.org.uk)).

Yours sincerely



Martin Lowes  
On behalf of the Consultations Group, Pensions Practice Executive Committee