



**The Actuarial Profession**

making financial sense of the future

# Consultation Response The Pensions Regulator

Maintaining contributions

5 December 2012

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## **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.

Chris Opie  
The Pensions Regulator  
Napier House  
Trafalgar Place  
BRIGHTON  
BN1 4DW

5 December 2012

Dear Chris

### **The Pensions Regulator: Maintaining Contributions – Review of Codes of Practice 5 and 6**

Thank you for the opportunity to respond on the changes to these Codes of Practice.

The Consultations Sub-Committee of the Pensions Practice Executive Committee has considered the Consultation Document. The Sub-Committee welcomes the approach set out in the Consultation. In particular, the explanation of the changes to the Codes of Practice has provided clarity to what is set out in the Codes of Practice. We only wish to comment on one aspect of the Codes of Practice, but, in addition, we wish to make a further comment on future reporting.

#### **Future Reporting Requirements**

The Institute and Faculty of Actuaries (IFoA) notes the comment on page 12 of the consultation document that future reporting around the payment of contributions may require the submission of nil returns. The IFoA does not believe this would be the most appropriate measure to take for the following reason:

- This would add an additional reporting requirement for trustees and managers of schemes. For the many schemes that currently operate strong administrative processes that ensure contributions are paid on time, the extra administrative requirement could be onerous while providing only minimal benefit.

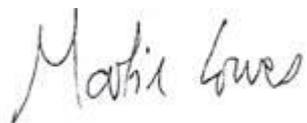
#### **Code of Practice 5 paragraph 41 and Code of Practice 6 paragraph 44**

The IFoA recognises the benefits of providing online information to members. However, the statement in the opening sentence of each paragraph may not be appropriate for all members. There are two specific reasons for this comment:

- The statement indicates that research has only covered many trustees, but those consulted will have formed a small proportion of all trustees. What is regarded as current best practice for many of those consulted may not be best practice for the total population of trustees.
- As more employees fall within automatic enrolment, on-line access may only be one approach to improving the flow of information to members. For employees new to pension scheme membership (and indeed employers), a range of tools for engaging increased awareness of pension contributions would offer greater success of trustees, or managers, meeting their obligations.

If you wish to discuss our response further, please contact Philip Doggart (0131 240 1319 or via [Philip.Doggart@actuaries.org.uk](mailto:Philip.Doggart@actuaries.org.uk)) in the first instance.

Yours sincerely

A handwritten signature in black ink that reads "Martin Lowes". The signature is written in a cursive, slightly slanted style.

Martin Lowes  
Chair Pensions Consultations Sub-Committee  
The Institute and Faculty of Actuaries