



Institute
and Faculty
of Actuaries

Changes to s143 and s179 Assumptions

IFoA response to the Pension Protection Fund

31 October 2016

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.



Richard Williams
Head of Corporate Affairs
Pension Protection Fund
Renaissance
12 Dingwall Road
Croydon, SURREY
CR0 2NA

31 October 2016

Dear Richard

IFoA response to PPF Consultation on assumptions to be used for s143 and s179 valuations

1. The Institute and Faculty of Actuaries (IFoA) welcomes the opportunity to respond to the PPF's consultation on changes to the assumptions for s143 and s179 valuations. Members of the IFoA's Pensions Board have contributed to this response.
2. The IFoA supports the approach taken by the PPF in updating the assumptions to reflect changes to the buy-out market. Whilst we would not expect the PPF to compromise the stability of the valuation regime by making frequent changes to the assumptions, we do support a review from time to time to ensure their on-going suitability.
3. As the proposed implementation date is prior to the next significant round of s179 valuations at 31 December 2016 and 31 March 2017, we support this being 1 December 2016.
4. If you wish to discuss this response any further, you should contact Philip Daggart, Technical Policy Manager, (Philip.Daggart@actuaries.org.uk / 0131 240 1319).

Yours sincerely

Fiona Morrison
Immediate Past President, Institute and Faculty of Actuaries