



Institute  
and Faculty  
of Actuaries

# Professional Considerations in today's Pensions Environment

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# Today's Pension Environment

## Reducing Number of Schemes

- Improvements in longevity
- Low interest yields
- Does this combination make the UK the next Japan?

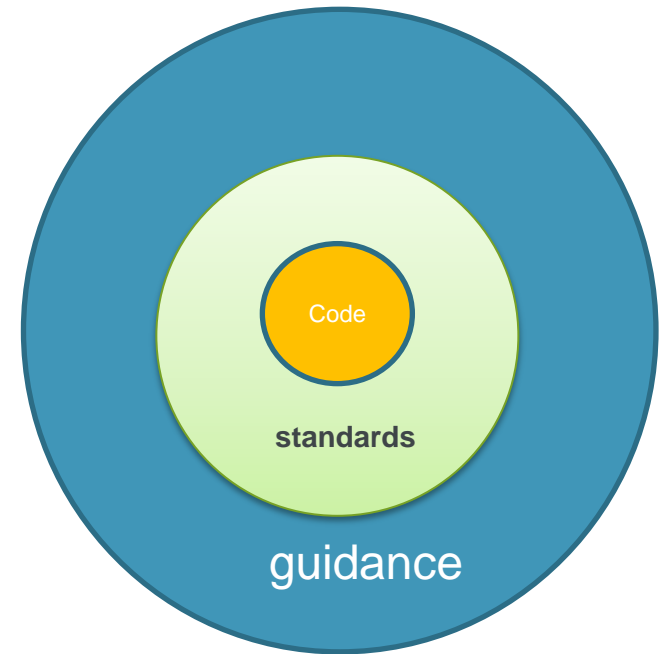
## Pension Freedoms

- DB to DC transfers
- Valuing Member Options
- 2016 Budget Statement – the precursor to more changes

# Professional Considerations

## Standards Framework Review

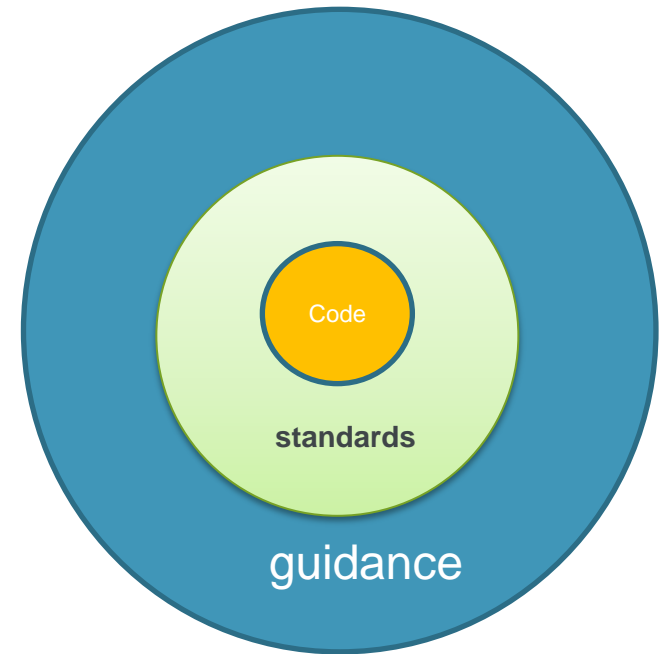
- Principles-based
- Keeping mandatory requirements (i.e. standards) and non mandatory material (i.e. guidance) separate.
- Expressing the requirements in a clear manner. The terms “must” and “should” should be used to denote the status of the provision.



# Professional Considerations cont'd

## Standards Framework Review

- Ensuring the status, application and relationship with other standards/ guidance is clear.
- Using plain, simple language.
- Futureproof – ensuring requirements are able to withstand minor changes to rules and legislation and to the structure of any named bodies or organisations.
- Ensuring that requirements are enforceable.
- Ensuring fairness to members, users and the public.



# Practising Certificate

## Numbers of Scheme Actuary Certificates

Certificate Type	Feb-10	Feb-11	Feb-12	Feb-13	Feb-14	Feb-15	Feb-16
Actuarial Function Holder/Reviewing Actuary						91	122
Chief Actuary (Life)							37
Chief Actuary (non-Life with Lloyd's)							87
Chief Actuary (non-Life without Lloyd's)							61
Life Actuary (including with-profits)	142	131	133	135	127	42	
Life Actuary (not including with-profits)	32	31	30	28	28	11	
Lloyd's Syndicate Actuary	56	56	52	57	58	56	53
Scheme Actuary	978	983	973	936	920	888	858
With Profits Actuary						35	64
	1208	1,201	1,188	1,156	1,133	1,123	1282

# How to make sure this remains current

## Some questions to consider

- What is the purpose of a Practising Certificate?
- What is the best way to determine whether or not an actuary should be given a PC?
- What are the top 3 changes you would like to see to the PC Regime?



# Professional Considerations

## Joint Forum on Actuarial Regulation (JFAR)

FRC

IFoA

PRA

tPR

- Risk Perspective
- Thematic reviews
  - GI Reserving
  - DB-DC Transfers
  - Group Think



# Professional Considerations

## Group Think

*“Group Think is the tendency for one’s own judgment to be influenced by the apparent consensus view of assumptions, methods, processes or approaches leading to a reduction in the variety of ideas in the market”*





# Professional Considerations

## Influencers:-

- External
- Cultural
- Situational
- Psychological

# Professional Considerations

## IFoA's Risk Outlook

- What are the risks to the public interest which arise from actuarial activity?



# Professional Considerations

## Personal Qualities

- Actuaries fail to recognise the extent and limitations of their skills.

## Skills Relevance

- Actuaries do not keep their knowledge and/ or understanding of new methodologies up to date

## International

- Actuaries, their employers and users of actuarial services are confused by differing regulatory expectations outside the UK environment.

## Education

- The actuarial examination syllabus fails to meet the needs of the commercial environment of the future.

## Communication

- Actuaries fail to communicate solutions to complex problems in a way in which users can understand.

# Professional Considerations

## **Failure to speak out**

- Actuaries fail to speak out on issues of importance in the public domain.

## **Regulation**

- Over-complex framework of regulation of actuaries can lead to an environment of conformity rather than encouraging exercise of professional judgement.

## **Commercial Issues**

- The commercial working environment of actuaries puts pressure upon the proper exercise of their professional judgment.

## **External Environment**

- Actuaries fail to recognise advances in technology across many fields which could invalidate the use of current models and assumptions.

# What does 2016 hold?

- Risk Alert
  - Commutation Factors
  - Models
  - LGPs
  - GI Reserving
- Actuaries' Code Review
- TAS Review
- Skill Sets
- PC Review



# Finally – Reminder - Objects

## **We are here for you**

- Whistleblowing Guidance
- Professional Support Service

# Any Questions



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