



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?

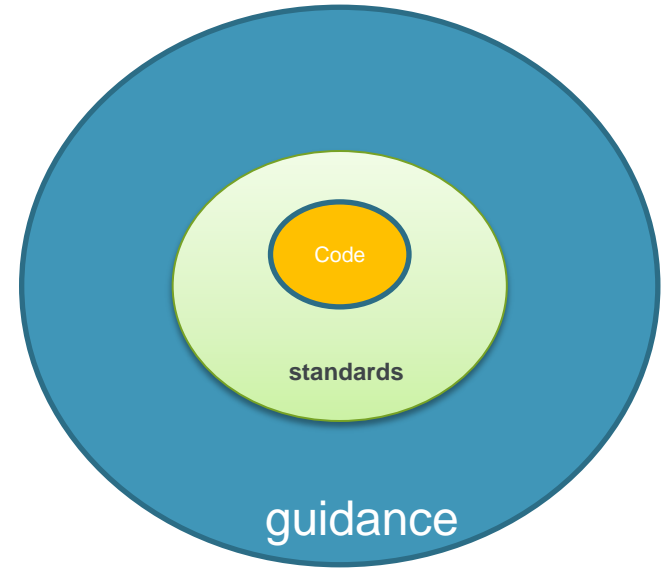
Pension Freedoms

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

Professional Considerations

Standards Framework Review

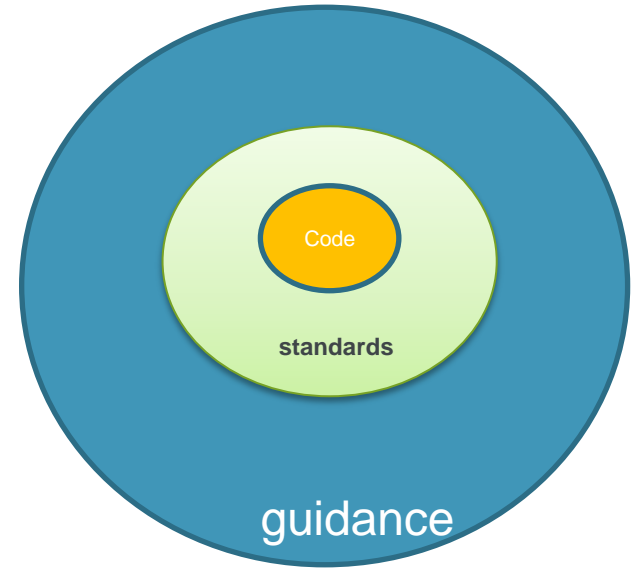
- Principles-based
- Keeping mandatory requirements (i.e. standards) and non mandatory material (i.e. guidance) separate.
- Expressing the requirements in a clear manner. The terms “must” and “should” should be used to denote the status of the provision.



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

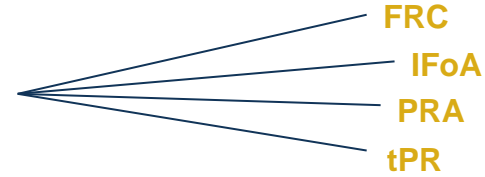
- What is the purpose of a Practising Certificate?
- What is the best way to determine whether or not an actuary should be given a PC?
- What are the top 3 changes you would like to see to the PC Regime?



Professional Considerations

Joint Forum on Actuarial Regulation (JFAR)

- 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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