



Institute
and Faculty
of Actuaries

APS Z1: DUTIES AND RESPONSIBILITIES FOR ACTUARIES WORKING FOR UK TRUST-BASED PRE-PAID FUNERAL PLANS

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Purpose: To set out the requirements for actuaries carrying out **Valuations of Funeral Plan Trusts**

Authority: Institute and Faculty of Actuaries

Target Audience: Actuaries working for, advising or involved with **UK Trust-Based Pre-Paid Funeral Plans**

General Professional Obligations:

All **Members** are reminded of the Status and Purpose preamble to the Actuaries' Code which states that the Code will be taken into account if a **Member's** conduct is called into question for the purposes of the Institute and Faculty of Actuaries' Disciplinary Scheme. Rule 1.6 of the Disciplinary Scheme states that misconduct:

“means any conduct by a Member...in the course of carrying out professional duties or otherwise, constituting failure by that Member to comply with the standards of behaviour, integrity or professional judgement which other Members or the public might reasonably expect of a Member having regard to...any code, standards, advice, guidance, memorandum or statement on professional conduct, practice or duties which may be given and published by the Institute and Faculty of Actuaries and/or...by the [Financial Reporting Council] (including by the former Board for Actuarial Standards) in terms thereof, and to all other relevant circumstances.”

Members are required to comply with all applicable provisions of **APSs**.

In the event of any inconsistency between this **APS** and the **Actuaries' Code**, the Code prevails.

Use of the words “must” and “should”:

This **APS** uses the word “must” to mean a specific mandatory requirement.

In contrast, this **APS** uses the word “should” to indicate that, while the presumption is that **Members** comply with the provision in question, it is recognised that there will be some circumstances in which **Members** are able to justify non-compliance.

1. Introduction

- 1.1. The responsibilities of **Members** to whom this **APS** applies are to provide information concerning the assets and liabilities of **Trust-Based Pre-Paid Funeral Plans** to **Trustees** and/or **Plan Providers** and, as such, are important to the interests of **Planholders**.
- 1.2. In order to accept an appointment to undertake a **Valuation** of a **Funeral Plan Trust**, a **Member** must:
 - 1.2.1. be a Fellow of the Institute and Faculty of Actuaries;
 - 1.2.2. have the necessary skill and experience to provide appropriate actuarial advice;
 - 1.2.3. before accepting that appointment, ensure that the relevant requirements of the **Actuaries' Code** have been met, including the need, as appropriate, to liaise with his/her immediate predecessor; and
 - 1.2.4. read the current trust deed and take reasonable steps to ensure that he/she has read the available **Governing Documents**.

2. Obligations

- 2.1. Before accepting an appointment, a **Member** must ensure that the **Trustees** and the **Plan Provider** will:
 - 2.1.1. allow him/her to present a report directly to the **Trustees** and/or **Auditors**, should he/she consider that there is a compelling reason to do so;
 - 2.1.2. have the ability to take reasonable steps to notify **Planholders** if the circumstances set out in paragraph 2.3 arise;
 - 2.1.3. provide the **Member** as soon as practicable with notice of any replacement to, alteration of, or addition to, the **Governing Documents**;
 - 2.1.4. whenever practicable, discuss with the **Member** any proposed replacement to, alteration of, or addition to the **Governing Documents** (in advance of the proposal taking effect;
 - 2.1.5. provide the **Member** with sufficient membership, asset and other data as is necessary to carry out a **Valuation**;
 - 2.1.6. provide the **Member** with guidance and decisions on the interpretation and/or meaning of any of the provisions of the **Governing Documents**, where such guidance and decisions are reasonably needed by the **Member** to permit him/her to fulfil his/her duties; and

- 2.1.7. highlight to the **Member** any information contained within the **Governing Documents** which may assist the **Member** in understanding the nature of the **Plan Provider's** contractual obligations.
- 2.2. During the course of an appointment, the **Member** must ensure that:
 - 2.2.1. he/she informs the **Trustees** of his/her understanding of the **Planholders'** contractual entitlements and of the need for the cost of providing the contracted funerals to be taken into account in a **Valuation**, having regard to any relevant representations which have been made to the **Planholders** and which are set out in the available **Governing Documents**;
 - 2.2.2. on becoming aware that a significant change is likely to take place or has, in fact, taken place in the **Trust-Based Pre-Paid Funeral Plan's** operations, practices or other circumstances, he/she takes reasonable steps to encourage the **Trustees** and the **Plan Provider** to take appropriate account of any implications for the provision of the contracted funerals to the **Planholders**;
 - 2.2.3. on becoming aware of any other issue which may reasonably be expected to impact upon the provision of the contracted funerals to the **Planholders**, he/she must inform the **Trustees** and the **Plan Provider**; and
 - 2.2.4. should he/she consider that the systems of control in place to protect the **Planholders'** interests may not be adequate, he/she must draw this to the **Trustees'** and the **Plan Provider's** attention.
 - 2.3. Where a **Member** has produced a **Valuation** and considers that:
 - 2.3.1. there is a material shortfall in the value of the assets held by the **Trustees** to cover the calculated value of the liabilities of the **Funeral Plan Trust**, or that the contractual obligations of the **Plan Provider** to **Planholders** under the **Trust-Based Pre-Paid Funeral Plan** have a significantly higher value than the relevant liabilities of the **Funeral Plan Trust**; and
 - 2.3.2. having drawn this point to the **Trustees'** and the **Plan Provider's** attention, appropriate remedial arrangements have not, within a reasonable time period been put in place by the **Trustees**,the **Member** should report these matters to the **Plan Provider**.
 - 2.4. If, having raised these concerns with the **Plan Provider**, appropriate remedial arrangements have not, within a reasonable time period been put in place, the **Member** should report his/her concerns to the:
 - 2.4.1. **Auditors** if the **Plan Provider** is not a **FPA** registered provider; or
 - 2.4.2. **Auditors** and to the **FPA** if the **Plan Provider** is a **FPA** registered provider.

3. Definitions

Term	Definition
APS	Actuarial Profession Standard.
Auditors	Auditors of the Plan Provider and the Auditors of the Funeral Plan Trust.
FPA	Funeral Planning Authority.
Funeral Plan Trust	A trust established as part of a Trust-Based Pre-Paid Funeral Plan to hold money paid by Planholders to the Plan Provider for the purpose of providing funerals and which meets the requirements listed in article 60(1)(b) of the RAO.
Governing Documents	The documents governing a Trust-Based Pre-Paid Funeral Plan which include the following non-exhaustive list of documents: the current trust deed and any previous amendments of the Funeral Plan Trust, the current and historical marketing literature, contracts or terms and conditions between the Plan Provider and the funeral director, the funeral director and the Trustees and the Plan Provider and the Planholder.
Member	A member of the Institute and Faculty of Actuaries.
Planholder	The person with whom the Plan Provider has contracted.
Plan Provider	The entity which undertakes to provide, or secure that another person provides, a funeral in the United Kingdom for the Planholder on his/her death.
RAO	Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
Trust-Based Pre-Paid Funeral Plan	An arrangement established by a Plan Provider to support the sale of contracts of the type defined in article 59(2) and exempted from Financial Conduct Authority regulation under article 60(1)(b) of the RAO.
Trustees	Those persons charged with the control of the Funeral Plan Trust.
Valuation	The determination, calculation and verification of the assets and liabilities of the Funeral Plan Trust.