



# **Board for Actuarial Standards (BAS) Consultation**

## **Structure of New BAS Standards**

### **Response from The Pensions Management Institute**



## **PMI response to Board for Actuarial Standards (BAS) Consultation Structure of New BAS Standards**

### **Introduction**

The Pensions Management Institute (PMI) is the professional body for people working in the pensions sector. The PMI's members (currently over 4,200) work as pensions managers, consultants and technical specialists in consultancies and insurance companies. Many are also actuaries, pensions lawyers or company secretaries. Their experience is therefore wide ranging and has contributed to the thinking expressed in this response.

### **The PMI's Response**

The PMI welcomes the publication of BAS Consultation Documents. We represent the interests of Pension Fund Managers, Trustees and Administrators, all of whom are users of Actuarial Services, and we trust our comments below are useful contributions to the development of new Technical Actuarial Standards (TASs).

1. Although BAS took over responsibility for the majority of GN's from the Actuarial Profession over a year ago, the style and contents of TASs is only now becoming apparent, and are not scheduled to be completed for another three years, by which time we would expect further changes to be necessary in the light of experience and legislative developments. We urge BAS to implement all the changes proposed as quickly as possible, and to retain flexibility to review all TAS on a rolling basis.
2. We accept the need for interim arrangements to keep GNs in force until replaced by an appropriate TAS, but we urge BAS to speed up the migration process if possible, perhaps by cutting down on Consultation periods. However, we cannot accept that certain GNs should be disapplied without further consultation (para. 1.8). We comment on this below.
3. Whilst we accept the proposal to split Standards between Generic and Specific, we wonder whether BAS has got the balance right, and whether users will be able to "build own handbook" as BAS intends. We wonder whether there should be a Generic Standard covering "Investment Advice", and Specific Standards for "Health Insurance"; Accounting for Pensions", "Financial Advice to Individuals", and "Life Interests and Reversions".
4. In para. 2.8 we question whether the actuary has to make his own checks on the data, or whether he can accept the data as audited by others, if this is clearly stated?



5. PMI would welcome specific examples to illustrate the principles set out in para. 2.24.
6. PMI questions whether the use of “standards” is possible in the case of small pension funds, as envisaged in 2.27.
7. In passing PMI believes there should be a separate Standard covering the work of the With Profits Actuary (para. 3.9); in much the same way as PMI believes that there should be separate Standards to cover the work of a Scheme Actuary as opposed to the work of an Actuary advising the sponsoring employer.(para. 3 13).
8. Just because BAS is a UK based regulator, it should not ignore the work that an actuary advising trustees or employers concerning overseas members, especially if the scheme is subject to EU legislation.
9. PMI believes that BAS standards should cover defined contribution schemes and hybrid pension schemes (mixed benefit schemes including those with a money purchase underpin), as well as pure defined benefit schemes. (para. 3.16).
10. PMI believes that “Accounting for Pensions” should be the subject of a separate Standard (as was the case in the GN environment). See para. 3.23.
11. PMI is prepared to support BAS in the use of the Preferred Structure as set out in Chapter 4. However, the Illustrated model is potentially confusing to users, and we would recommend a further consultation document, when the full range of Generic and Specific Standards has been agreed. For example, scheme trustees need to be clear which Standards will apply when they have dealings with their scheme actuary.
12. In para. 5.12 BAS have indicated they intend to disapply a number of pension GNs. PMI believe this should only be done after consultation with DWP and the Actuarial Profession. PMI believe that currently GN4; GN11; GN19; GN49 & GN51 all have their place, and the contents need to be incorporated into future TASs which should be issued before the corresponding GNs cease.
13. In para. 5.26 BAS indicate that they may disapply TM1. PMI urge BAS to incorporate TM1 into a pensions specific standard.
14. PMI would urge BAS to develop both Generic and pensions Specific Standards in parallel and to bring forward the time when all are in force, including a Pensions Accounting TAS. (Chapter 6).



We hope the above comments are of assistance, and would welcome the opportunity to give further input when BAS proposals are further developed.

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