

As a Scheme Actuary and an Independent Trustee and not a person constrained by any corporate embarrassment of historic and inadequate funding bases or sponsoring employer advice conflicts, may I respond to the specific consultation questions as follows?

1. I think that the BAS should recognise and emphasise the advantage of a mix of life assurance and annuity business. I also think the Board should publicly acknowledge the vested interest or conflict of interest of pension scheme actuaries of playing down the potential long term cost of DB pension promises. Some publicity in respect of public sector pensions could also be argued as being in the "public interest"!
2. (a) No. (b) Yes. (c) I think the "concentration risk" in any block of lives needs to be illustrated. Many pension schemes for example have a huge liability weighing associated with a small number of members. The natural statistical variation associated payment also needs to be illustrated, say the 95% range for adequate reserves.

The differences of social class should also be recognised and illustrated as these are often more important than sex. Regional variations in mortality need careful treatment with analysis by exact postcode or social class or total income (not just the individual scheme or office payment).

Early medical statistics are apparently already showing the effect of the smoking ban in Scotland so don't listen to the embarrassed large consultancies highlighting increasing obesity!

3. (a) No (b) "mc", "lc" and a percentage underpin is sufficient at present as long as it is accompanied by a life expectancy or annuity value! (c) A standard CMI or SAPS table as a starting point is all that is needed plus a description of the future improvement assumed.
4. (a) Definitely yes. (b) Yes, but only to an informed minority - professional pension scheme trustees and life office/pensions regulators, but they are the ones that matter. (c) The level of protest from large consultancies with pension scheme sponsoring employer clients/conflicts will be a good measure. More seriously a framework of "freedom with disclosure" should suffice to meet prudent and prudential requirements.
5. (a) A range of recent tables should be sufficient, especially as the SAPS data comes through. I also think that full postcode rating could be used more. (b) No strong views here.
6. (a) No. To me, social class, income amount, concentration risk and postcodes all suggest significant differences. I have no definitive evidence base but it seems to underlie the 2004 SIAS paper for example. (b) The BAS should not be scared about setting minimum improvement underpins, they can be reviewed and increased in future if necessary! Affordability should not dictate the assumptions used.
7. As in 2 above. CMI and SAPS analysis with postcode in future would seem a good step forward.

Regards

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