

Association of Members of IBM UK Pensions Plans

This is a comment on the "Exposure Draft: Reporting Actuarial Information" dated March 2009. It is from the Association of Members of IBM UK Pensions Plans (www.amipp.org.uk).

Paragraph 3.33 is not one for which response was explicitly requested but AMIPP notes that it contains a wrong decision about scheme members and Actuarial Valuations.

The paragraph does not acknowledge that Parliament has decided that scheme members (and also, significantly, union representatives) should have access to Valuations. It would be absurd to suggest that Parliament meant to give access but did not mean the Valuations to be used. That a Valuation is addressed to the trustees does not dilute Parliament's intention - it matches Parliament's intention that the scheme members should obtain the Valuation from the trust.

It is not helpful that paragraph 3.33 talks vaguely about information potentially required by members and not by trustees. That scheme members are users does not mean that the Valuation has to be a tutorial, so that all scheme members can use it without effort. Rather, it means that the Valuation must contain the relevant information that some scheme members (and union representatives) want to scrutinise. Thus, for example, it is sufficient if longevity tables are precisely named, provided that public sources cover the content of the particular tables used.

The FRC emphasis on "addressed to the trustee" will inevitably encourage the practice of some actuaries in omitting some relevant facts on the grounds "the Valuation is addressed to the trustee and the trustee already knows that fact". When this happens the scheme members may never be told that they have been under-informed because trust confidentiality can prevent Member Nominated Trustees from telling the membership.

Scheme members, union representatives, MNTs, and other trustees all require the same information in an Actuarial Valuation. They require a comprehensive and comprehensible account of the assumptions used. They require a comprehensive and comprehensible account of the calculations done. They require a comprehensive and comprehensible account of the results. And they require an adequate account of the sensitivity of the results to changes in the major assumptions.

Scheme members are not second class users of an Actuarial Valuation. Parliament did not intend them to be. The FRC should not allow them to be. The definition of "user" in TAS R as it relates to Valuations should include scheme members; users of the information Parliament intended them to have.

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