

Emily Brown

From: Dick, W Mike [WDick@scottishlife.co.uk]
Sent: 28 May 2009 17:17
To: BAS Reporting
Subject: Comments on BAS Exposure Draft: Reporting Actuarial Information

The comments below are written by me, on behalf of the Pensions Actuaries at Scottish Life.

The term "users" is defined in Section B2.1 and, in our line of work, the user we generally deal with is the Trustee body of a defined benefits scheme. Clearly the Pensions Regulator may need to see what has been written. Can BAS please clarify that, in these circumstances, if an aggregate report is not addressed to the members of the scheme, then the members of the scheme should not be regarded as users. Accordingly, Section C.4 on Comprehensibility, would not apply to the members of the scheme and such an aggregate report need not be written to have regard to their skill set.

We feel that, from the point of view of the end-user being the Trustees of a defined benefit scheme, they regard a scheme funding valuation (under Part 3 of the Pensions Act 2004) as one job which extends from setting the method and choosing assumptions all the way through to signing off the Statement of Funding Principles, any Recovery Plan and the Schedule of Contributions. At any stage until the final documents are signed, the assumptions on which the technical provisions are based are at risk of being changed. There are thus two point we would wish to make:-

- The whole valuation process should be considered as one task and a consistent set of actuarial practice standards should apply to that whole task. This would avoid the requirement for revision and possible re-drafting of advice on assumptions, to a different actuarial standard, should a change be required after 1 April 2010 because the Trustees require further advice to make their decision. There would clearly be scope for confusion for the user in this situation.
- We also believe that it would be more practical for the new requirements to come into force for all advice for valuations with effective dates after 1 April 2010 and they should not apply to any advice in respect of valuations with effective dates prior to that date.

We are not clear as to the benefits to be derived from the use of the terms "planning" and "valuation" in report production. We certainly see the capacity for confusion amongst users from BAS' definition of "planning" which is likely to be contrary to the users' default understanding of the word.

On behalf of the Pensions Actuaries at Scottish Life,

W M Dick

W M Dick, FFA
Pensions Actuary
Scottish Life
Direct dial - 0131 456 7134
DDI Fax - 0131 524 8927