

Response to Pensions TAS consultation – May 2010

Please find below a response to the pensions TAS consultation from the Defined Benefit Pensions department of Aviva.

The Consultation states the BAS would welcome views, in particular on the following questions:

1. *The application of the Pensions TAS to schemes not subject to Scheme Funding.*

We believe that all users of actuarial information should expect the same standards to be applied.

2. *The definition of governing body, especially examples of schemes for which the definition is not appropriate.*

"A body responsible for the governance of a pension scheme or a distinct part of a pension scheme. Examples of governing bodies include the trustees of an occupational pension scheme and the administering authority of a section of the Local Government Pension Scheme."

No comment.

3. *The proposed commencement date for the Pensions TAS.*

This sounds reasonable provided the final version of the TAS is available by end August 2010.

4. *The transition to the Pensions TAS from the adopted Guidance Notes.*

It is important that work is not subject to both GN9 and the pensions TAS.

5. *Our impact assessment and the effects that the introduction of the Pensions TAS is likely to have on actuarial information.*

We believe that it is inevitable that the pensions TAS will generate more work and hence costs within the industry. It is to be hoped that this extra work will benefit users.

6. *The text of the exposure draft as a means of implementing the proposals presented in this document.*

Under D2.18 we have concerns about the requirement that "assumptions for base rates of mortality used in, or proposed for use in, an exercise **shall** reflect the membership of the pension scheme in question." It is not clear how this should be interpreted in particular for small schemes with low membership numbers or schemes where annuities are routinely purchased on retirement.

Under D3.5 we have concerns about "known" and "relevant" opinions, in particular to whom/in whose opinion are these "known" or "relevant"?

Under D3.6 should this be "known" uncertainty but again to whom?

Under E4.2 an approximate neutral estimate appears to assume that neutral will mean the same things to all practitioners and we do not believe that this is necessarily the case.

Under E5.2e) the reference to "no later" than three years is confusing – this could be interpreted as one month, one year, three years? Also is this necessary if the expectation is an improvement in funding, and when in practice the experience will be different to the assumptions made. Perhaps this should only be included where there is an expectation that funding will worsen.