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Dear Sir

Pensions: Exposure Draft

This response to the exposure draft is on behalf of the Scheme Actuaries of Legal & General.

Thank you for the opportunity to respond again on this TAS following changes made as a result of the previous consultation. We do not have comments on all of the specific questions raised but do having the following points to make:

3 The proposed commencement date for the Pensions TAS of 1 April 2011.
You will be aware that the vast majority of schemes have renewal dates on 1 or 6 April, so about a third of all schemes will have a valuation due at the start of April 2010. Work has already commenced on these valuations, but the proposed commencement date would mean that Pensions TAS comes into force prior to the majority of these valuations being completed.

Whilst we understand that the Board does not wish to delay introducing these measures unduly we do think that a commencement date in July 2010 would be preferable. In particular, it is clearer to users of actuarial reports if the valuation process is started and completed under one set of guidance.

A further point is that, if the Board does decide to issue Specimen Reports, then these should be made available at the same time as the Pensions TAS is published to ensure the process of changing to the new regime runs as smoothly as possible.

4 We have no concerns regarding the proposed transition from the current Guidance Notes. Regarding GN26 (Pension Fund Terminology) we would suggest that the PMI might be the appropriate body to maintain the glossary.

5 We feel that the likely cost of complying with the Pensions TAS is likely to be at the top end of the range suggested for schemes as a whole, but relatively larger for small schemes. For these schemes we feel that the costs may be disproportionate for the benefits gained. Although much of this extra work will be for the Trustees, it is increasingly the case that Employers pay the expenses of running pension schemes explicitly. Even where this is not the case, the ultimate cost will be passed on to Employers in the form of higher costs in the future.

In addition, we would reiterate concerns that we have already raised regarding the definition of materiality. We feel that the use of "could" means that few items should be excluded from reports on the grounds of materiality. Including items which are unlikely to have an impact will disproportionately increase costs without adding value and risks obscuring information that is relevant. However, the use of the word "could" means that all such issues should be included and Scheme Actuaries who use judgement to exclude these items are presumably at risk if they exclude them.

I hope that these comments prove useful in your continued consideration of these matters.

Yours faithfully

Sue Hall
Fellow of the Institute of Actuaries