

The Director
Board for Actuarial Standards

5th Floor Aldwych House
71 - 91 Aldwych
London
WC2B 4HN

16 December 2008

Dear Madam

Amending TM1 for revised contracting out provisions

I am pleased to enclose Buck Consultants' comments on the consultation paper issued by the Board for Actuarial Standards on amending TM1 for revised contracting out provisions.

We agree that the proposals set out in paragraphs 2.4, 3.2, 3.3 and 4.1 of the paper serve the interests of the recipients of SMPs.

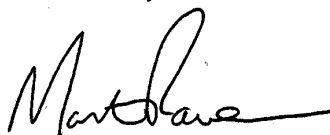
The proposals in paragraphs 2.4 and 3.2 are, in our view, the most appropriate means of demonstrating to members of defined contribution arrangements the likely benefits that will arise on retirement given the current uncertainties regarding the abolition of money purchase contracting out.

We agree that the examples in the current version of TM1 should be dropped as being no longer relevant, as proposed in paragraph 3.3.

It is important that members are made aware of the changes that are proposed and hence some form of communication should be provided to explain the differences from previous statements, as proposed in paragraph 4.1. Communication is a vital part of the service that should be provided automatically to members of defined contribution arrangements especially given current stock market volatility when members could be feeling particularly vulnerable.

Given our comments above, we are in agreement with the proposed changes to TM1 as set out in the Appendix to the consultation paper. However, we would prefer the new paragraph A.2.9.4 to be strengthened so that providers are required to explain the prospective abolition to defined contribution contracting out and the impact of this change on illustrations, either in the illustration itself or in some other form of communication issued in conjunction with the illustration.

Yours sincerely



Martin C Rawe
Chief Actuary
01473 293026
martin.rawe@buckconsultants.com