



## **First Actuarial response to Consultation on Board for Actuarial Standards Exposure Draft: Transformations**

On behalf of First Actuarial LLP, I am pleased to offer the following comments in response to the proposed Transformations TAS. This exposure draft covers different fields of actuarial work. Our comments are limited to matters relating to pension schemes.

### **1. The proposed commencement date of the Transformations TAS (paragraphs 4.14 to 4.16)**

We are pleased that the Board for Actuarial Standards has listened to previous concerns expressed over commencement dates. We are comfortable with a commencement date of 1 October 2011 on the understanding that the final Transformations TAS will be published at least nine months in advance of this date.

### **2. Our impact assessment and the effects that the introduction of the Insurance TAS is likely to have on actuarial information (see section 6)**

We agree that the introduction of the Transformation TAS should bring about the benefits highlighted in Section 6.3 of the Exposure Draft.

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

We set out below our comments on the following paragraphs on the Transformations TAS:

**C.1.6** It would be helpful to make it clear that the intended scope only covers accrued benefits (and not benefits that will accrue in the future) and that “protected modifications” as defined in Section 67 of the Pensions Act 1995 are outside the scope of the Transformation TAS.

**D. 2.2** It would be helpful to provide confirmation that the statement “shall be documented” means that it doesn’t have to be reported to the client, but that it just has to be documented in the actuary’s internal files.

**D.4.2** The requirement to consider any likelihood of the payment being made as expected appears to introduce the requirement on the actuary to comment on the strength of the employer’s covenant, which is not within the area of expertise for many actuaries.

**D.4.5 & D.4.15** Again, these paragraphs appear to require the actuary to provide an opinion on the employer’s covenant.

**D.4.16** As we noted in our response to the consultation paper on Transformations, we remain uncomfortable with introducing a subjective concept such as a statement of fairness into pension transformations. If the intention is to restrict the requirement to provide an opinion on fairness to insurance transformations, then this should be made clear.

**In addition to the specific questions listed above, the BAS invites respondents' views on any other aspects of the proposed TAS. To ensure that the significance of their point is fully appreciated by the BAS, respondents are asked to indicate how their comments would address the BAS's aim of increasing the reliance that users of actuarial information can place on it.**

If BAS has decided not to provide a specimen certificate for transfers without the consent of members, then it would be helpful if the Actuarial Profession could produce such a specimen certificate.

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27 August 2010

First Actuarial is a firm of actuaries and consultants providing actuarial, consultancy, investment and administrative services to clients in the private, public and not for profit sectors.