

From: [Allan Martin](#)
To: [basnovember07:](#)
Subject: Conceptual Framework Comments
Date: 28 January 2008 11:49:32

Good morning,

Firstly may I congratulate the Board and all involved in the Consultation Paper in producing an excellent piece of work. I have only a few brief comments to make as I think the framework is pretty close to what is required.

1. For paragraph 3.25, may I just mention the fields of (a) trust variation (typically involving an actuarial assessment of life and reversionary interests), (b) assessment of damages (based round the Ogden Tables) and similarly (c) Industrial Tribunal pension loss calculations (mostly tables based hand holding). Expert witness work, involving a duty to the court, may also be worth keeping in mind.
2. Re. paragraph 8.29, I would define "prudent" as being capable of being anything between 50% and 100% depending on the employer covenant. (That said, I think BAS should recognise how "prudence" will normally be viewed with the benefit of hindsight. I also worry about too much dependence on the current employer covenant. In every wind up, FAS or PPF case I have encountered, when things start to go wrong that is precisely the time when it becomes too late to be more prudent!)
3. Re. 8.37; Without appropriate explanation I believe undiscounted cash flow totals could be very misleading, to the extent of potentially bring the profession into disrepute. Politicians recently looked very silly banding around £8bn FAS compensation numbers, when the current value was £2bn! Graphical illustration of incidence and annual amount would seem more appropriate.
4. From 8.52 - 8.54 I picked up a fear of only written explanation being involved. Variation, probabilities and sensitivities are frequently best illustrated by diagram. I would therefore ask whether BAS could do more to encourage the use of graphs, illustrations and diagrams.
5. In pensions legislation and regulation there are a few size and type exclusions - insured schemes, 5000 members re. Myners, 100 members re. SIP & SFS. I would encourage BAS (and TPR) to consider such thresholds to relieve a potentially disproportionate burden on small schemes.

Regards

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