



**Punter Southall**  
CONSULTING ACTUARIES

**Private & Confidential**  
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Dear Sirs

**Consultation response**  
**A new framework for Technical Actuarial Standards**

We are writing to respond to the above consultation.

**About Punter Southall**

Punter Southall ("PS") provides a full range of pension consultancy services in the UK including actuarial consulting, pension scheme administration services, defined contribution plan consulting, health and protection services, investment consulting and international consulting. Our clients are primarily medium and large sized UK occupational pension schemes and their employers.

We are part of the Punter Southall Group which has over 950 staff in 14 locations throughout the UK and whose pension scheme clients range in size from around 20 members to over 80,000 members.

**Consultation response**

We will not be answering all of the questions that are posed by the consultation documents as, in general, we agree with the sentiment of the draft Framework and the principles of TAS 100. The concerns that we do have lie with the implementation of a revised version of the TASs, their interaction with legislation and the replacement for the Pensions TAS.

**Naming**

We do not believe that renaming the different parts of TAS as numbers is going to help the users of our advice to better appreciate the aspects of TAS that are being complied with in our advice (compared with the current statement that we have complied with Pensions TAS and the TAS's on Data, Modelling and Reporting Actuarial Information).

**Interaction with legislation**

We believe that the application of TAS in the United Kingdom should not compete with current legislation when providing actuarial advice.

For example, paragraph 3.6 could potentially generate a number of conflicts for actuaries operating in the United Kingdom.

**3.6. Communications** shall state when assumptions are set by a third party or by regulation. Communication shall state whether any assumptions set by a third party are not reasonable for the purpose of the work and provide an indication of their impact on the **actuarial information**.

Scheme funding legislation and pensions accounting work are both prime cases where the assumptions adopted will generally be set by a third party (the trustees, usually in agreement with the sponsor, and the directors of the employer respectively). Scheme funding legislation only requires the trustees to consider the advice of the actuary in setting assumptions (Pensions Act 2004, section 230). This paragraph therefore puts an actuary in the position of having to decide whether the assumptions that he is asked to use are "reasonable" each time they provide liability calculations that rely on those assumptions, which is not something that legislation requires him to do. If it was the intention of the legislation that the actuary would have a greater role than the requirement to provide advice this would have been set out explicitly. Furthermore the actuary may not have been party to discussions between the trustee and the sponsor in agreeing the assumptions and so may not know all the relevant facts to judge if assumptions are reasonable (for example the strength of the covenant – which is not an actuarial judgement)

#### **Pensions TAS, and transition**

Whilst we appreciate that this consultation is on TAS 100 and the draft Framework, we are very much conscious that without an understanding of how the Pensions TAS might change, we may not be able to make sensible comment on how TAS 100 will influence how we will comply with the TAS in the future for all the work that is currently within the scope of TAS.

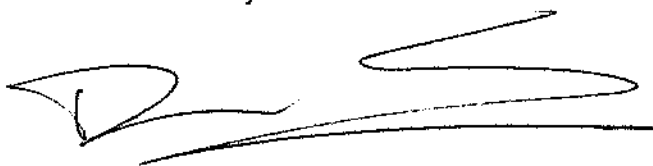
Our wish for the Pensions TAS is to see its replacement embrace the principles based nature of TAS 100. However, our concern is that there will be a desire to retain a 'rules-based' framework.

Considering again scheme funding advice, we would wish to see provisions for a sensible transition from the Pensions TAS due to the current prescription of matters that have to be included in the scheme funding record of report.

We believe that any transition will not be helped by the delay between the review of the Generic TAS's and the review of the Pensions TAS. We foresee advisers having to separately review the advice that is currently in and out of the scope of TAS.

A lot of the work covered by the Pensions TAS is advice in connection with scheme funding, where an aggregate report can easily take more than 12 months to complete. Therefore, there will be a long period where work commences under Pensions TAS, but potentially might be finalised under its replacement. It will therefore be important to understand the plans for transition as soon as possible, with clarity as to how those aggregate reports are to be completed.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Cule', with a long horizontal flourish extending to the right.

David Cule FIA  
Principal