Second Floor (206) ▪ 40 Gracechurch Street ▪ London EC3V 0BT
020 3102 6761 ▪ www.aca.org.uk

20 March 2026

ActuarialRegulation@frc.org.uk

The Director of Actuarial Regulation
Financial Reporting Council
13th Floor
1 Harbour Exchange Square
London
E14 9GE

Dear all

Technical Actuarial Standards for Collective Money Purchase Pensions

I am writing on behalf of the Association of Consulting Actuaries in response to your consultation on Technical Actuarial Standards for Collective Money Purchase Pensions.

We welcome the opportunity to comment on the draft of TAS310 and we strongly support the objective of having the final version available in advance of it coming into force, in July, on the same day as the unconnected employer legislation comes into force.

Our comments on your questions are set out in the Appendix.

We hope that you find the contents of this letter of assistance. We would be happy to discuss them further if that is helpful.

Yours sincerely

Peter Williams
Chair, ACA Pensions Schemes Committee
On behalf of the Association of Consulting Actuaries Limited
peter.williams@aon.com

Specific consultation questions from the Association of Consulting Actuaries

General questions

1: What are your views on the proposed provisions P7.1 and P7.5? Are there any specific rating factors (for example, age) that you think should or shouldn't be used in determining actuarial equivalence?

We think that P7.1 and P7.5 should require consideration/communication of the appropriate effective date for the calculations.

We think that the P7.1 requirement to consider "all material **rating factors**" is unclear and likely to be very onerous. In particular, taking the words in turn:

- Is the underlining of "all" appropriate? This does not appear to be a format used elsewhere in TAS310 (or other TASs, from a brief review). We would question whether the word "all" is required at all as it is redundant – a requirement to consider "the material **rating factors**" would be equivalent.
- The word "material" is a defined term but in this context it has not been highlighted as a defined term. Neither "material" as defined in the glossary or material in the normal English sense really make sense in this context.
- The definition of "rating factor" is extremely widely drafted, capturing any attribute that may lead to a different actuarial value. This would be a very long list of factors.

We would suggest that

- Rather than "all material **rating factors**" the TAS should refer to "the **material rating factors**",
- the glossary should define "material rating factors" (rather than "rating factor", but using similar wording) as "the attributes of an individual or group of individuals that may lead to a **material** difference in the actuarial value being placed on pension benefits building up for that individual or group of individuals".

This construction would enable the actuary to limit their consideration to rating factors which might realistically be chosen for accrual rates.

Straightforward consequential amendments would also be needed to P7.5, replacing references to "material **rating factors**" and "**rating factors**" with "**material rating factors**". We would also suggest removing the underlining of the word "must", to retain consistency with the usual TAS formatting.

We agree that age should be considered (and communicated) as a potential rating factor for all UMESs, and our view is that TAS310 should mandate this.

2: What are your views on provisions P7.2 and P7.6? Are there any other issues relating to the choice of method that should be communicated to intended users?

We think that P7.2 and P7.6 should be additional requirements which only apply where consideration is being given to the adoption of the employer-level method.

We would expect most UMESs to calculate actuarial equivalence at the member-level and it should be made clear that these provisions do not impose additional requirements for such schemes. For example, P7.2 could be drafted to commence with "If advising on the choice of employer-level method for determining actuarial equivalence, practitioners must consider the expected cross-subsidies between different members or groups of members.".

Likewise, P7.6 could be drafted to commence with "Practitioners' communications on the choice of using an employer-level, rather than member-level, method for determining actuarial equivalence must explain the decisions made…"

Putting aside our suggested improvement to P7.2, we also note there is currently a typographical error in the exposure draft (the sixth word "of" should be deleted).

3: What are your views on provisions P7.3 and P7.7? What other considerations are there in the choice of relevant period?

For both P7.3 and P7.7, we suggest that the list of considerations/points to communicate should include reference to the issues outlined in paragraph 3.19 of the consultation document, in particular "the time needed to agree assumptions, to carry out calculations, to communicate and to implement the **accrual rate**".

We suggest the definition of accrual rate should refer to 'pensionable salary' rather than 'salary'.

4: What are your views on provisions P7.4 and P7.8? Are there any other areas where you expect a difference between the assumptions for actuarial equivalence and the actuarial valuation?

In P7.4, we do not think the words "if carried out at that date" are necessary, or helpful, given point b notes that allowance can be made for different effective calculation dates. The paragraph would be clearer if these words were removed.

P7.4 b should refer to "allowing for a different effective date" rather than "allowing for the different effective date", given that some schemes may base their calculations on the effective date of the valuation.

In P7.8, we do not think the wording "and the expected resulting cross subsidies between different members of groups of members" should apply in all scenarios. In particular, it does make sense in the context of paragraph a. of P7.4 but it does not make sense in the context of paragraph b. of P7.4. We suggest this text is extended to read "and, for differences in demographic assumptions, the expected resulting cross subsidies between different members or groups of members".

5: Do you agree with the proposal to extend the requirements of P3.1 to accrual rates? Please provide reasons for your answer and alternative approaches where relevant.

We agree that variation in future accrual rates should be allowed for in modelling of the scheme to support viability assessments.

However, to more accurately reflect the ability to vary future accrual rates on this modelling, we would suggest that P3.1 should be amended to read: "Practitioners must ensure the models used to support viability assessments and scheme design reflect the scheme benefits, and are sufficient to demonstrate the level of uncertainty in relation to future benefit adjustments, allowing for variation in future accrual rates."

6: What are your views on the proposed new provisions P8.3 and P8.7? Do you believe the proposed changes create any additional requirements in relation to single employer CMP schemes? Please explain your rationale.

In P8.7, we think Part a should state "explain any material difference between the assumptions adopted to derive different types of **actuarial factors**".

With the introduction of UMES we believe P8.3 could be extended to reference the need to justify any differences in approach for transfer in and transfer out terms and P8.4 should be amended to specify the same principles apply for both transfer out and transfer-in terms – in particular that when advising on or setting these terms which will be used for a one-off conversion of DC pot to CDC target pension, practitioners should consider the appropriate frequency of updating transfer-in terms (in the same way they do accrual rates) for e.g. changes in conditions that may materially alter the results of the calculation.

7: What are your views on the proposed changes to provisions in relation to viability assessments? Are there any other areas an actuary should consider in relation to soundness of a CDC scheme?

This seems reasonable.

Well-design schemes should not expect to see a material impact of closure on benefit adjustments. We do not have any material concerns with requirements for practitioners to consider the impact of closure. However, at some point after closure, a closed CDC scheme will inevitably reach a state of maturity whereby the trustees would need to consider whether another continuity option is appropriate to pursue (rather than carrying on as a closed scheme, i.e. under continuity option 3).

On the wider question of whether there are any other areas that the actuary should consider in relation to soundness, we would strongly caution about adding any further requirements to those outlined in legislation, particularly if this is done without having a thorough follow-up consultation on the implications of effectively extending the legislative definition via the TAS.

We note there is currently a typographical error in the exposure draft P5.1 (the eighth or ninth word “in” should be deleted).

8: Are there any areas where additional guidance would be helpful? If so, please set out the specific areas and/or provisions where guidance may be helpful.

We note in our response to question 3 above that is would be helpful for the TAS to include the issues outlined in paragraph 3.19 of the consultation document, in particular the practicalities of reflecting “the time needed to agree assumptions, to carry out calculations, to communicate and to implement” in the process for setting the accrual rate. If this is not captured in the TAS, it might be helpful for guidance to be produced by FRC to expand on these practicalities relating to timing.

9: Are there any further aspects of technical actuarial work you expect to be impacted by the introduction of UMESs regulations which are not adequately covered by the proposed changes to TAS 310? If so, please explain what they are.

On a point of detail, the definition of Central Estimate in the glossary needs to be updated to reference both the 2022 and 2025 Regulations.

10: What are your views on the proposal that the standard would be effective from 31 July 2026? Please set out any practical difficulties which you believe this might cause.

We strongly support the final TAS310 v1.1 being made available as soon as possible and ideally well in advance of 31 July 2026 – and being effective from 31 July 2026.

11: Do you agree with our impact assessment? Please give reasons for your response.

The impact assessment seems reasonable, provided the issues we have identified above are addressed.

ASSOCIATION OF CONSULTING ACTUARIES
Second Floor (206) ▪ 40 Gracechurch Street ▪ London EC3V 0BT
020 3102 6761 ▪ www.aca.org.uk