Institute and Faculty of Actuaries

Individual Professional Responsibility Working Party

An update on progress

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Outline

- Background
- Terms of Reference
- Roles for a Pensions Actuary
- Case Studies
- Next Steps

Background

- Developments in consulting world
- Needs of clients - both sponsor and trustee
- Provision of third party calculation solutions
- Questions raised with IFoA by tPR
- Establishment of WP

Initial Discussions

- Confidence in Profession
- Encourage Innovation
- Legal Responsibilities
- Commercial Factors

Terms of Reference

- The working party’s overall purpose is to identify:

  i. the factors related to the use of models and calculations which enable a Scheme Actuary to properly sign off his/ her work; and

  ii. any associated issues and make recommendations for any IFoA actions.

Roles of a Pension Actuary

- Actuaries' Code
- Statutory Responsibilities
- Professional Responsibilities
- Commercial Factors

Case Study

- Scheme Actuary newly recruited to Consultancy
- Team has produced valuations for many years
- How does SA satisfy herself on results?

Case Study

- Consultancy develops new software system
- What are SA individual responsibilities?
- How would your answer differ if:
    - system is purchased from a third party?
    - if calculation process outsourced ?
    - overseas ?

Case Study

- Scheme buys same valuation software and reproduces valuation results.

  - Would you, as Scheme Actuary, use these results?
  - Would your employer be happy?
  - What if a third party (for the Trustee) produces results?

- What are the professional and commercial considerations?

Case Study

- What happens if the Sponsor is the entity producing the figures....
- .... with the support of the Trustee ?

Case Study

- The Sponsor tells you the answer is £3bn

- Would you sign ?

- What constitutes misconduct ?

Summary

- Every case will be different
- It is incumbent on each actuary to reach their own conclusions
- Actuaries’ Code provides the framework

Next Steps and Discussion

- Working Party developing education materials
- Professionalism case study videos
- Note for Trustees and Sponsors being drafted

Questions and comments ?

DISCLAIMER