



1. Please provide your name (note that anonymous responses will not be accepted):

[REDACTED]

2. Are you responding as an individual or on behalf of an organisation? If so, please list.

On behalf of First Actuarial LLP.

3. Please provide your email address so we can validate your response is legitimate.

[REDACTED]

4. Do you request confidentiality of your response?

No.

5. To what extent have the TASs been effective in supporting high quality technical actuarial work?

Reasonably so, although in our well-regulated field of actuarial work (predominantly pensions-related advice to trustees and employers), there is significant other material that has also driven or supported high quality work:

- Legislation requiring certain work to be carried out, and often specifying to a significant extent how it must be done;
- Actuarial Professional guidance (IFoA Guidance Notes, Risk Alerts, one-off communications to Members);
- Other professional guidance (Pensions accounting standards);
- Regulatory guidance (TPR's guidance on scheme funding and other actuarial matters) and
- Industry guidance (Incentive Exercises).

One very positive benefit of the TAS framework (in comparison with actuarial Guidance Notes) is that TAS 100 is concise and principles-based, leaving actuaries to apply it appropriately and proportionately for different types of work.

6. What aspects of the TASs have caused difficulties? Please explain what those difficulties were and how you were able to overcome them.

For pensions actuaries brought up on rule-based standards and guidance, applying judgement on issues such as materiality and proportionality can be challenging. The fear of being found not to have complied fully can mean over-engineered reporting, and a loss of focus on the reliability of the work, appropriate communication of uncertainty, and the needs of the main users, particularly lay trustees.

It's not clear that we have yet overcome this difficulty, although we try to address this through training, appropriate template reports for regular actuarial work, which include instructions on guidance on common areas of judgement, and the peer review process.

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A further area of difficulty is that many users of pensions actuarial work regard quality as a given, and rarely look for, or beyond, any TAS compliance statement to challenge judgements or consider the uncertainties raised. We work with predominantly small to medium pension schemes where users have limited time, budget and often technical knowledge, and are looking for brevity, certainty and clear recommendations.

7.[For users of technical actuarial work] Have the TASs been effective in ensuring the quality and clarity of the actuarial information you receive is reliable to any decisions that you take based on that information?

Not applicable.

8.Are there any aspects of the TASs that do not help to ensure the quality of actuarial information? Please explain your response with examples of where this has been an issue.

As noted in our response to Q6, there can sometimes be a tendency to include additional information in communications, aimed primarily at demonstrating explicit TAS compliance, when such information could reasonably be omitted on the grounds of materiality and proportionality. This is particularly the case where a template necessarily addresses all potential TAS compliance matters, and it may then be easier to ‘leave everything in’, rather than to exercise judgement to remove some content. This can make it harder for users to identify the key issues they need to consider, potentially reducing the overall quality and reliability of the advice.

9.Is TAS 100 of sufficient detail to enable you to have a clear understanding of what is required in order to comply with this TAS? Are there areas of guidance which are vital to your understanding to the TASs?

We continue to find the Guidance on TAS100 and examples within it useful in having a clear understanding of applying TAS 100 in practice. It may be helpful to update this guidance and add further examples based on issues identified in the Call for Feedback and subsequent discussions.

10.[For users of technical actuarial work] Are there any areas where you would welcome further standards; in particular, new areas where an increasing number of actuaries are performing technical actuarial work?

Not applicable.

11.Do you foresee any issues with the TASs being reviewed and updated in a staggered approach?

No. The FRC has a good track record of implementing changes with ample notice and pragmatic approach to any transition.

12. Are there specific considerations or factors that actuaries should take into account when making professional judgements?

The needs of all the key stakeholders relevant to a particular piece of work, as well as other professional guidance - Actuaries' Code, Actuarial Professional Standards (APSs), as well as sources listed in our response to Q5.

13. Does TAS 100 currently give sufficient direction on the nature of professional judgement and what it involves?

TAS 100 makes it adequately clear that professional judgement is required, and we suggest that any attempt to expand on this should be in separate guidance, or it risks making TAS 100 longer and potentially adding rules to the principle. Exercising professional judgement often involves balancing many criteria and weighing the interests of stakeholders – perhaps education and guidance in this area should remain the responsibility of the IFoA, with appropriate input from the FRC. Particularly as this will involve consideration of the requirements of the Actuaries' Code and APSs)

14. [For users of technical actuarial work] In making your decisions based on the actuarial information requested, how much reliance do you place on the professional judgement made which resulted in the actuarial information, and has there been sufficient clarity of how these judgments are arrived at?

Not applicable.

15. How has TAS 100 supported you in determining whether a model is fit for purpose?

It has encouraged extra clarity in considering limitations of models, and any implicit assumptions within them that are material to the work carried out.

16. How have changes in modelling techniques in recent years impacted on your models used in technical actuarial work? What changes should be made to TAS 100 to reflect these developments?

We have no strong views at this stage. There may be some need to consider interactive models where users can independently access actuarial modelling, eg interactive funding tools, or individual benefit projection modelling as part of financial education, but we think that the existing requirements of TAS 100 can be applied in these scenarios, with appropriate judgement.

17. How has TAS 100 supported you in determining whether sufficient controls and testing is in place for the models used in technical actuarial work?

For central firm-wide models that are core to our services (eg funding related models, Excel add-ins to support actuarial calculations, pensions accounting calculation tools), sufficient controls and testing are already a given through other operational risk management processes and policies (for example our ISO certification). There may be some positive

impact on bespoke modelling carried out eg complex Excel spreadsheets for specific actuarial projects.

18. How are recent or anticipated changes in modelling techniques, or other influences, changing the nature of model governance and validation? What changes should be made to TAS 100 to reflect these?

We have no strong views on this at this stage.

19. [For users of technical actuarial work] How are recent or anticipated changes in modelling techniques affecting the communication of a) methods and measures used in the technical actuarial work and b) significant limitations to the models?

Not applicable

20. Do you consider standardising the wording of the statement of TAS compliance would lead to better clarity on the quality of the work provided? Please provide rationale for your view.

We are not convinced that a single standard piece of wording will help. For example, compliance statements may be included in communications on work that is partly in, and partly out of scope. A single form of standard wording may make it harder to clarify what work is covered and what isn't. A single form of wording with qualifications and exceptions eg this work complies with TAS 100 to the extent it is material and proportionate, may be seen as protecting the interests of the issuers of the work, not the users. Also, as noted earlier in this response, we are not convinced that many regular users of pensions actuarial work will wish to do more than check for the existence of a TAS compliance statement, however worded, in the normal course of events.

21. As an actuary completing a work review as defined in APS X2, or as a user of technical actuarial work, is the evidence supporting the statement of TAS compliance clear and accessible, and how important is it to have this evidence available to you?

In completing independent peer review, we would not normally expect our Members to look for detailed evidence of TAS compliance. It will normally be clear that TAS-compliant tools and standard templates have been used to prepare the communication being reviewed, and the underlying calculations and analysis will have gone through separate work review to check for technical correctness and completeness. We suggest that independent peer review should focus on the issues of judgement, uncertainty and the overall reliability of the work, not specific individual TAS principles.

22. Have there been circumstances where you have experienced issues with making a statement of compliance with TAS 100? Please can you provide examples of such.

As noted in question 20, circumstances such as:

- Investment advice that includes a combination of actuarial and non-actuarial work

- Scheme-specific context (such as a scheme in the later stages of wind-up), where many of the principles in TAS 100 cease to be applicable, but actuaries are not sure whether they need to disclose all such matters as being immaterial as part of the statement of compliance.
- Where a communication is judged to be compliant for specific users, but others may also see it. It maybe that the TAS compliance statement needs to be somewhat nuanced and appear alongside the statement of scope, users and other limitations on who can rely on it.