

4 August 2023

The Director of Actuarial Policy
Financial Reporting Council
8th Floor
125 London Wall
London
EC2Y 5AS

Dear Sirs

Technical Actuarial Standards for Pensions Consultation – TAS 300

I am writing on behalf of Buck Consultants Limited ('Buck') in response to the above consultation.

Buck's employees provide actuarial advice and are involved in HR, pensions, employee benefits, technology and administration services and so are directly impacted by the consultation.

Our responses to your specific questions are set out in the appendix to this letter.

Please contact me if you would like to discuss our responses to the questions further.

Yours sincerely,

Senior Consulting Actuary
For and on behalf of Buck, A Gallagher Company

Buck is a trading name in the U.K. for Buck Consultants Limited (registered number 1615055), Buck Consultants (Administration & Investment) Limited (registered number 1034719), and Buck Consultants (Healthcare) Limited (registered number 172919), which are private limited liability companies registered in England and Wales. All have their registered office at 20 Wood Street, London EC2V 7AF. Buck Consultants (Administration & Investment) Limited and Buck Consultants (Healthcare) Limited are authorised and regulated by the Financial Conduct Authority.

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Appendix – responses to consultation

- 1. What are your views on the proposed changes to the scope of TAS 300? Are there any other areas of pensions work that you consider to be inadequately covered by TAS 300 and should be included?**

The proposed scope has been widened and in time further guidance may be required though on the whole the proposed changes are reasonable.

- 2. Do you agree our intention to defer any changes to requirements under scheme funding and financing until there is greater legislative certainty? Do you have any other specific concerns in relation to provisions on scheme funding and financing that you believe require addressing over a shorter period?**

We agree with the intention to defer changes to the requirements under scheme funding. Principals 2.1 and 2.2 are also covered in the Application 7.1d of TAS100 except this is a must rather than a should. Was this an intended distinction. 2.9 “Scheme Funding Assessment” is not defined in the glossary, is it meant to say “required funding assessment”.

- 3. What are your views on the proposed changes to TAS 300 in relation to the frequency of review of the actuarial factors? What are your views on the proposed changes to TAS 300 in relation to the timing of review of actuarial factors?**

The requirement to require a justification where the recommended period between reviews is more than 3 years is reasonable.

The wording in P3.2. seems to presume that the actuary has the power to arrange a factor review at the same time as the “Scheme Funding assessment”, a term which as previously pointed out is not defined and unclear especially with the broader scope of scheme funding and financing not being limited to work required by legislation. The wording “seek to arrange for the review to be undertaken” puts an unfair burden on the actuary and may not always be appropriate for a particular scheme.

- 4. Do you consider the proposed changes to Section 3 would enable decision-makers to reach a fully informed view in setting actuarial factors?**

Yes, we believe this will be the case however we would like to see some example comparisons which will help understanding but note that this will create additional work.

- 5. Do you consider the remit of TAS 300 includes specifying how actuarial factors are set, either in relation to the value for money members should get from cash commutation or in making allowance for future changes to investment strategy in CETV factors? Please explain your rationale.**

We do not consider the remit of TAS 300 is to specify how actuarial factors are set. Any conditions should be set as currently, by the scheme rules and government policy.

- 6. Are there other provisions relating to actuarial factors which you believe should be introduced?**

TAS 300 should put the onus on the practitioner to decide on the relevant comparisons. It may be the case that a scheme is in the process of buying-in/out and therefore a comparison with insurer factors might be more relevant.

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- 7. What are your views on the proposed provisions in section 5 in relation to bulk transfers? Do you think that the proposed provisions would ensure that the actuarial advice given to decision-makers would allow them to be fully informed when considering potential bulk transfers?**

For 5.1a the wording would be clearer if it said “For example, a bulk transfer...” instead of “This includes, where relevant, a bulk transfer...”

The wording in 5.2 “Practitioners who have relied on input from a third party should consider the reasonableness and supporting evidence for the third-party input” is too strong in the case where an expert third party has been asked for input. Is this requiring the actuary to review the experts work or is it merely asking the actuary to see that it makes sense on the understanding that they themselves are not the expert?

- 8. Do you consider that the proposed changes to TAS 300 on modelling work relevant to superfunds would help mitigate the risks associated with pensions practitioners’ lack of familiarity with features of the modelling required?**

Yes, though this should be reviewed from time to time.

- 9. Are there other provisions relating to bulk transfers which you believe should be introduced into TAS 300?**

No

- 10. Do you have any comments on our intention to have an effective date for TAS 310 of within one year of the first CMP scheme being in operation? Is there an alternative timing that would be more appropriate? Please provide any supporting evidence for alternative timings.**

No comment

- 11. Do the proposed provisions provide sufficient clarity of requirements for practitioners to set central estimate assumptions? Please set out any areas of setting CE assumptions you believe require further provisions, including reasons for these.**

No comment

- 12. What are your views on the proposed provisions in relation to CMP modelling? Do you expect the proposed requirements on communication to support intended users in making relevant decisions based on modelling? Do you believe there are further items where additional requirements would be appropriate?**

No comment

- 13. What are your views on the proposed provisions in relation to Scheme design? Do you envisage any difficulties in meeting the requirements of these provisions. Please provide details to accompany your response.**

No comment

- 14. What are your views on the proposed provisions on completing assessments of scheme viability and certifying soundness? Do you consider it is appropriate to require practitioners to consider areas beyond those outlined in legislation when certifying soundness? Please give reasons for your response.**

No comment

- 15. Do you agree that the considerations for a practitioner certifying scheme soundness via a viability certificate are the same as those a practitioner should communicate to trustees in**

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their own consideration as to whether the design of the scheme is sound for their viability report?

No comment

16. Are there any other areas in relation to soundness (including practitioners' communications of their work on soundness) which require further standards? Please provide as much detail as possible.

No comment

17. What are your views on the proposed provisions on actuarial valuations for CMP schemes? Are there other key areas of judgement beyond the central estimate assumptions? Are there further areas you would expect to be included? Please give reasons for your response.

No comment

18. Do you agree the required content of the calculation report set out in Appendix A is reasonable for CMP schemes? Is there further content which should be included?

No comment

19. What are your views on the proposed provisions in relation to factors for SMP schemes? Do you envisage any issues complying with provision P7.4 regarding selection risk? Are there certain groups of members you believe this may disadvantage? Please provide reasons for your response.

No comment

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

We agree that there will be a one-off cost in implementing the revised TAS 300. This would be reduced if the areas where the TAS 300 is currently unclear (as detailed above) are addressed. As the proposed TAS 300 has wider scope there will also be additional ongoing costs in providing actuarial advice.