



Institute  
and Faculty  
of Actuaries

# APS P1

Proposal to introduce a revised Actuarial Profession Standard (APS) P1: Duties and Responsibilities of Members undertaking work in relation to pension schemes

by the Regulation Board

## Consultation paper

September 2020

## **Introduction**

The Institute and Faculty of Actuaries (IFoA) invites your comments on the proposal to introduce a revised Actuarial Profession Standard (APS) P1.

An online version of the questionnaire can be found [here](#).

The closing date for responses is **07 January 2021**.

Unless you tell us that you would like your name and/or responses to remain confidential, they may be published in our feedback document. Anonymised responses will not be published. If you have any queries/concerns about the confidentiality of your response, please do let us know.

Thank you for your time and interest.

## Survey Questions

The IFoA invites your comments on the proposed revised APS P1. It would be helpful if you would offer them by responding to the following questions.

An online version of the questionnaire can be found on the IFoA's [website](#).

### About you

#### 1. Personal information

Name:	Fred Emden
Position:	CEO

#### 2. Region

UK	X	India	
Republic of Ireland		Asia - other	
Rest of Europe		Canada	
South Africa		USA	
Africa - other		South or Central America	
South East Asia		Australia	
Hong Kong		Oceania - other	
China			

#### 3. Are you a Member of the IFoA?

Yes	No	X
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#### 4. If yes, which category of membership do you hold?

Affiliate	Honorary Fellow	
Associate	Retired	
Certified Actuarial Analyst	Student	
Fellow	Student Actuarial Analyst	

**5. If you are an actuary, what is your main practice area? (Answer one option only)**

Life Assurance	Enterprise Risk Management
General Insurance	Health and Care
Pensions	Resource and Environment
Finance and Investment	Other

If other, please specify:

**6. Do you want your name to remain confidential?**

Yes	X	No
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**7. Do you want your comments to remain confidential?**

Yes	No	X
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**8. About your organisation (if applicable)**

Name: Society of Pension Professionals

**9. Type of organisation (Answer one option only)**

Consultancy	Public body or Regulator	
Insurance company or reinsurer	Educational Establishment	
Bank or Building Society	Not applicable	
Investment Firm	Other	X

If other, please comment:

Representative Body

**10. How many IFoA Members (if any) does your organisation employ?**

None	X	101+ Members	
2-10		Sole practitioner	
11-50		Don't know	
51-100		Not applicable	

**11. Do you want the name of your organisation to remain confidential?**

Yes		No	X
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**12. Do these comments represent your own personal views or your organisation's views?**

Personal views		Organisation's views	X
Both personal views and organisation's views			

**APS P1**

The following questions are in relation to your/your organisation's views on the proposed introduction of the revised APS P1:

**13. Do you agree with the proposal to withdraw the current version of APS P1 and replace it with the revised version?**

Yes	X	No	
Comments (please specify):			

**14. Overall do you think that the requirements contained in the revised APS P1 are relevant and appropriate?**

Yes	X	No	

**15. Do you think that Members' obligations under the revised APS P1 are clearly set out?**

Yes	X	No	
<p>Comments (please specify):</p> <p>Generally – yes.</p> <p>However, for clause 4.3, we note that there may be instances where a Scheme Actuary provides information to the Employer under legislation (such as the Test Scheme Standard certificate). It is not clear whether such information is "Advice". If it is Advice, then in our view, for such limited scenarios, a Scheme Actuary may not necessarily have an "irreconcilable conflict" and therefore, should not have a requirement to produce a full conflicts management plan for the Trustee and Employer as set out in Clause 4.5 and/or where information is and is not advice.</p> <p>We recommend that the IFoA include examples under APS P1 to help set out Member obligations clearly. In particular, instances should be covered where the IFoA believes a Conflicts Management Plan (CMP) is and is not required under Clause 4.5.</p> <p>In its response, it would be helpful if the IFoA could state that it does not envisage that a CMP is put in place for all schemes, but only where one is required by the revised APS P1.</p>			

**16. Do you agree that the scope of the revised APS P1 is appropriate?**

Yes	X	No	
<p>Comments (please specify):</p>			

**17. Do you think the key terms within the revised APS P1 are sufficiently well defined? If no, which of these terms would you amend?**

Yes		No	X
<p>Comments (please specify):</p> <p>We have comments on the following three terms set out below:</p> <ul style="list-style-type: none"> <li>• Equivalent scheme actuary - it wasn't clear what the word "similar" meant in the definition or generally which types of actuary the definition intended to encompass. We recommend that the definition include more specific references. Furthermore, we suggest that 'for a Scheme that is not a Relevant Scheme' is inserted after 'role' and '(but for a Scheme that is not a Relevant Scheme)' is deleted from the end of the first sentence.</li> <li>• The phrase "prescribed timescales" in 2.6.1 to be changed to "prescribed legal timescales". Our view was that there was a need for specific wording that tied in with relevant legal timescales for the work involved.</li> </ul>			

- "Appropriate arrangements" under Clause 2.7 to cover a period when an actuary can't exercise their duties. Our understanding is that the Scheme Actuary appointment is a personal appointment (i.e. an individual not the firm) and certain duties can only be undertaken by the Scheme Actuary, i.e. not the deputising actuary. It might help scheme actuaries to judge when they would not be able to exercise their duties if the IFoA gave specific examples of tasks that cannot be carried out by anyone other than the Scheme Actuary – especially with regard to the comment about a Scheme Actuary being proactive.

**18. Overall, for provisions of the revised APS P1 that apply to work outside of the UK, do you agree that they are relevant and appropriate?**

Yes	X	No	
<p>Comments (please specify):</p> <p>Yes. In our view, the availability of the UK standards including the draft APS P1 and Actuaries' Code should provide professional assurance to clients and actuaries in respect of the work carried out for geographies where there are no or a lack of appropriate professional standards.</p> <p>We note that the Actuaries' Code and UK/international professional standards can be supplemented by further guidance provided by the IFoA as to the processes that should be followed when providing advice to international clients, including peer review requirements. In particular, examples could cover instances where the actuary needs to comply with professional standards across multiple geographies.</p> <p>The rationale for our conclusion is set out below:</p> <p><u>1 Corporate work</u></p> <p>A majority of international work done by UK actuaries is for Employers and the professional considerations for this work are primarily set out in APS X1 and X2. Therefore, there is nothing unduly concerning in the proposed changes to APS P1 from an international perspective when providing corporate advice.</p> <p>It is worth highlighting that consideration should be given to the professional standards of the country where the advice is provided and the type of advice along with the professional standards of the country (or the professional body) the actuary is associated with.</p> <p>For example, a UK actuary when operating in a US environment may need to ensure that work is compliant with US actuarial standards such as "DAMP" requirements (i.e., explanations of our work, judgements and limitations were explained in relation to data, assumptions, methodology and process) along with relevant UK professional standards.</p> <p>In practice, this means that:</p>			

- actuaries need to exercise judgement as to which professional standards are the most appropriate
- need to be comfortable that any advice might need to comply with the standards of multiple countries,
- actuaries are competent to carry out that work and they obtain appropriate levels of peer review.

2 Trustee work

It is reasonable that APS P1 covers Trustee work for overseas plans. The draft APS P1 standard covers by extending the scope to the "Equivalent Scheme Actuary".

**19. Do you think that anything substantial has been lost in the revised APS P1 as compared to the current version of the APS?**

Yes	No	X
<p>Comments (please specify):</p> <p>No. However, we note that the detail of conflict management has been left to members rather than being prescribed. Consequently, different firms may have different interpretations of, for example, how a "Y-shaped" team should be composed.</p> <p>Our understanding is that "Other Actuarial Advisors" (OAA) could only present "Advice" to an Employer if it is possible under para 4.4 to exceptionally depart from the presumption that this would give rise to an irreconcilable conflict of interest. Therefore, the OAA would not usually be able to form part of the stem of the Y.</p>		

**20. Do you have any other comments on the requirements and provisions of the revised APS P1?**

Yes	No	X
<p>Comments (please specify):</p>		



## 8. How to Respond

The deadline for responses is **7 January 2021**.

A link to an online version of the questionnaire can be found on the IFoA's website at <http://www.actuaries.org.uk/regulation/pages/consultations-and-discussion-papers>.

We would strongly encourage responses via the online questionnaire. However, if there are reasons that you cannot complete it online you can provide a response to [regulation@actuaries.org.uk](mailto:regulation@actuaries.org.uk) or by post to:

Regulation Team (Ref: APS P1 Review)  
The Institute and Faculty of Actuaries  
Level 2 Exchange Crescent  
7 Conference Square  
Edinburgh  
EH3 8RA

Please mark any emails or letter with the clear reference 'APS P1 Review'. Please also try to answer the questions as set out in the online questionnaire. Please also indicate whether you wish any of the information you supply in your response to be treated confidentially. Unless you so indicate, we may make responses to this consultation paper available on our website at [www.actuaries.org.uk](http://www.actuaries.org.uk).

### Consultation Meeting

A virtual consultation meeting may be held once the consultation has closed, depending on the level and detail of responses. In order for us to gauge participant numbers, we should be grateful if you could please inform us via email to [regulation@actuaries.org.uk](mailto:regulation@actuaries.org.uk) if you would be interested in participating a meeting.