



THE SOCIETY OF PENSION  
PROFESSIONALS  
*making pensions work*

Submission through online [form](#)

The Institute and Faculty of Actuaries

28 June 2021

**Consultation on Practising Certificates (PC) Scheme Proposals**

**1. To what extent do you agree or disagree that the proposed changes will improve the PC Scheme?**

Agree

***Please provide any reasons or further explanation for your response here:***

On the whole we are supportive of the proposals.

**2. To what extent do you agree with the proposal to have a greater focus on initial PC applications with a 'lighter touch' process for annual renewals of PCs and a fuller renewal application required every three years?**

Agree

***Please provide any reasons or further explanation for your response here:***

In principle, we agree with this approach. However, this does depend on the structure of the triennial review.

For example, we would have concerns about this approach if the triennial review required the actuary to provide detailed comments on their work over a three-year period. A requirement (like the current one) to document work produced would be better done more frequently.

**3. To what extent do you agree with the proposal to replace the technical experience focused criteria for reserved roles with a competency-based criteria?**

Agree

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***Please provide any reasons or further explanation for your response here:***

We agree that there should be an element of competency-based/softer skills criteria in the assessment, but also believe that there should be some element of assessment of the technical experience of the actuary. For example, no matter what the wider experience an individual had we would expect a potential Scheme Actuary to have some prior experience of Scheme Funding valuations.

4. ***To what extent do you agree with the proposal to introduce scope for a wider range of ways to demonstrate competency, in particular interviews and/or discussions with applicants?***

Agree

***Please provide any reasons or further explanation for your response here:***

We think in assessing a (potential) PC holder the IFoA should always be proportionate, and so we wouldn't suggest interviews etc. are necessary in every case. However, we do think that they would be very useful in some cases, in particular for initial applications.

5. ***Do you have any suggestions on how competency should be objectively assessed to ensure that an applicant is suitable to carry out a PC role?***

<Do not answer>

6. ***Which of the following do you most agree with in relation to the proposals to change the attestation requirements (you can select more than one option)?***

The attestation should be retained – unchanged from existing approach.

***Please provide any reasons or further explanation for your response here***

For potential Scheme Actuaries the existing attestation requirement should not usually be a concern, as they normally work in organisations with other Scheme Actuaries or as a minimum need to have a relationship with another Scheme Actuary who could peer review their work.

That said, if there are potential PC holders who do find the existing requirement difficult then we would be supportive of broadening the scope as required.

7. ***To what extent do you agree with the proposals that the IFoA will provide more support (as outlined) to Members that are: (i) considering becoming a PC Holder; (ii) applying for a PC; or (iii) PC Holders?***

Strongly agree

***Please provide any reasons or further explanation for your response here:***

<Nothing to add>

**8. In relation to the proposals for CPD for PC Holders, which of the following proposals do you most agree with (please select one option)?**

Retain an additional hours requirement for CPD but with fewer than 15 hours required and introduce more relevant CPD opportunities

***Please provide any reasons or further explanation for your response here:***

We agree that it is sensible to require a PC holder to have additional CPD. However, we are concerned that the existing additional 15 hours requirement is a barrier to part-time actuaries getting a certificate, and so any additional requirement should be carefully justified.

We do not believe it is necessary for a PC holder to have twice the amount of CPD as a non-PC holder. A smaller amount – for example 20 hours of CPD in total - could be sufficient provided it was carefully targeted.

We do not believe mandatory CPD is a good idea. This would need to be very high quality to be justified, and could encourage groupthink. It would also need to be carefully targeted as many topics would not be relevant to all Scheme Actuaries.

**9. To what extent do you agree that further consideration should be given to the possible integration of the Quality Assurance Scheme (QAS) accreditation and the PC Scheme?**

<Don't answer>

***Please provide any reasons or further explanation for your response here:***

The SPP represents a range of views on integration of the PC regime with QAS.

Some firms would find it beneficial, given they have better knowledge of the individuals concerned than the IFoA, and may be carrying out similar reviews on Scheme Actuary certificate holders or potential holders anyway. However, we can see challenges with this approach also.

There is a clear potential conflict of interest for a firm deciding whether someone should be a PC holder – for example, in the case of an individual who is borderline and for whom it would be commercially advantageous to give a Scheme Actuary certificate.

There is a reputational risk with firms being allowed to confirm whether a staff member is competent to be a Scheme Actuary, both for the individual firms and the IFoA. It also runs counter to the spirit of the BEIS consultation – which is pushing for more independent regulation of actuaries as a whole.

There would also practical difficulties for firms to establish a robust certification decision making system. Therefore, if this option was available, we do not think it should be mandatory for QAS firms, and expect some QAS firms would prefer not to.

There would also be a need to ensure equivalence of the QAS regime and IFoA vetting approach, which may prove challenging for the IFoA.

**10. In relation to the possible integration of the Quality Assurance Scheme (QAS) accreditation and PC Scheme, please provide your suggestions of how this could be achieved, including the reasons for your suggestions?**

<Do not answer>

**11. [FOR EXISTING PC HOLDERS ONLY] Are there any particular issues that you would like to raise or suggestions that you would like to make in relation to the transition from the current PC Scheme to the new one?**

<Do not answer>

**12. Are there any aspects of the PC Scheme that you think have been overlooked in these proposals including any additional or alternative ideas about how the IFoA ought to operate the PC Scheme?**

<Do not answer>

**13. If you wish to provide any other feedback not already covered then please do so here**

We do not think the requirement to have sat the Practice Module within 2 years of an initial application is a sensible idea. Pensions law does not change significantly over a 2 year period, and therefore this appears to be an unnecessary restriction. If the IFoA is concerned about potential PC holders retaining a high level of knowledge in UK legislation, then they could drop this requirement if the applicant had met the additional CPD requirements of a PC holder since they sat the Practice Module.

This also has significant transitional issues. There are a lot of people who sit the UK Practice Module shortly after completing their SA exam – there are good reasons for this given the content of the exams overlap at present. These members can't apply for their PC within two years of qualifying, and so many members who have sat the exam recently will be required to redo the practice module (in whatever form it takes). This seems to be an unnecessary requirement. To avoid this problem, the IFoA could extend the period to 4 years, say, for those that have sat the exam recently, or to drop the requirement for those that have previously sat the Practice Module and maintained the additional CPD requirements.

We also suggest the IFoA confirm a number of points:

- Whether someone that previously had a PC, gave it up and then was reapplying would be required to retake the module.
- Whether it is still a requirement to have 3-years of post-qualification experience before applying for a certificate.

**Response ends**