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Financial Reporting Council

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7 July 2022

Subject: Call for Feedback - Post Implementation Review: Technical Actuarial Standards

Dear Sir or Madam

We welcome the opportunity to provide feedback on the sector specific Technical Actuarial Standards (TASs). Mercer is one of the largest employers of actuaries in the UK and we have provided some comments on the standards applicable to our work, mainly TAS 300: Pensions.

In general, we believe that TAS 300 has been effective in supporting high quality technical actuarial work in the pensions sector. Together with TAS 100, we consider that the principles and associated provisions largely remain applicable and continue to encompass the key underlying considerations required to provide high quality advice.

We would note the following points in particular with regard to the current review:

- Revisions to the TASs can require significant cost and effort involving revisions to processes and advice and training to ensure understanding. Currently the Department for Work and Pensions (DWP) are yet to publish the draft regulations required for the changes to the funding regime following the Pensions Schemes Act 2021. Following finalisation of the regulations, the Pensions Regulator (TPR) intends hold a further consultation of the Defined Benefit Funding Code which it has recently noted is now unlikely to be in force before September 2023. We would urge the FRC to co-ordinate any changes to the funding elements of TAS 300 with DWP and TPR and to ensure that changes reflecting the new funding requirements all come into effect at the same time. Any changes made to TAS 300 ahead of the finalisation of the regulations and Code would almost certainly need to be revisited once these are in place, potentially leading to unnecessary cost and effort.
- We consider that the current provisions in the remainder of TAS 300 are sufficiently high level to adapt to the majority of the developments within the pensions field and do not require significant alteration. In addition we'd note that the requirements in the Pensions Schemes Act 2021 regarding developing a long term funding and investment strategy could also impact other areas of TAS 300 including scheme factors, and so again we'd suggest that if the FRC were to consider changes to this section, they should wait for the funding regulations and code to be finalised.

- We acknowledge that the one development in pensions that does present some additional public interest risks and considerations are Collective Money Purchase Schemes. Given that regulations are due to come into effect soon, consideration could be given to developing an additional section of TAS 300 to cover the particular risks that the Scheme Actuary to a CMP scheme would need to consider. We would encourage the adoption of a principles based approach consistent with the other sections of TAS 300.

Finally, question 30 asks whether consideration should be given to developing a specific standard covering the fields of investment and finance. We do not believe that an additional specific standard that would apply only to actuaries working in these fields is required. We would also note that we understand that the FCA is considering including investment strategy advice under its regulatory remit and may consult on this later this year.

We would welcome the opportunity to discuss our response further with you if that would be helpful.

Yours sincerely

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Charles Cowling

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Appendix

Introduction

Question 1: Please provide your name

Charles Cowling

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

As part of an organisation.

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

[REDACTED]

Question 4: Do you request confidentiality of your response?

No