

This month I have found some interesting accounts, a female bias and a date to put in the diary.

Actuaries' Accounts http://www.actuaries.org.uk/_data/assets/pdf_file/0006/133197/fac_accounts08.pdf

The Annual Report and Financial Statements of the Faculty of Actuaries (to 29th February 2008) would not normally constitute interesting or compulsory reading. Indeed there is not even scope for the normal media interest in the salary, bonus and benefits in kind of the chief executive! I however commend you to Note 14 about the Faculty and Institute of Actuaries' Staff Pension Fund. This non contributory Scheme was closed to new entrants from 1st January 2003. New staff get 15% of salary paid to a personal pension arrangement. The 28th February 2007 actuarial valuation was the first under the new scheme specific funding regime and the agreed "prudent" funding assumptions were –

- Investment return, pre retirement and post retirement – 5.5% and 4.5% per annum
- Price inflation and pension increases – 3% per annum
- Salary increases 5% per annum

Perhaps of most interest to readers (and the Financial Reporting Council and the Pensions Regulator?) is the mortality assumption which incorporates an up to date 2007 base table with allowance for future mortality improvements in line with the "long cohort" projection with a minimum rate of improvement of 1.5% per annum.

Readers will probably not be surprised at the 29.2% of salary future service benefit cost. However like many other employers the cost differential between old final salary pension promises and newer defined contribution arrangements may be a worry and a future problem. The £5.2m additional employer contribution paid in 2007/08 will probably also not escape the attention of those paying subscriptions and seminar fees!

2010, Women and Pensions

6th April 2010 may not already be marked on your calendar as a date of pensions revolution, but I would suggest it should at least be noted as heralding another significant landmark for pensions in the UK. Some readers will already know of some of the scheduled changes, however, I recommend noting that in April 2010 –

1. Early retirement benefits, currently available from age 50, will only be available after age 55.
2. State Pension Age (SPA) for women starts to increase from age 60 to 65. Ladies born before 6th April 1950 are not affected, whilst ladies born after April 1955 should look forward to benefits from 65, those born in between will see a gradual increase from 2010 to 2020. For further details see - http://www.pensionsadvisoryservice.org.uk/State_Pensions/SPA_Calculator/Index.asp Thereafter SPA increases gradually from 2024 to 2046 to age 68 for males and females.
3. The qualifying period of National Insurance contributions for a full state pension is reduced to 30 years. This will be of particular benefit to women who have had career breaks for family or caring reasons.

These changes involve something of a "precipice" – a huge difference depending on your exact date of birth.

Last February, The Pensions Advisory Service (TPAS) launched a telephone hotline for women. It was a huge success and some of the most commonly asked questions have been posted on TPAS web site. See –

http://www.pensionsadvisoryservice.org.uk/Women_&_Pensions/Twenty_Questions/index.asp

I have to admit I learned a lot. Actual questions from real people are much more impressive than anything that experts can speculate on! Given that women will constitute a significant proportion of your pension scheme membership or a significant proportion of the membership of schemes you advise, why not consider distributing these questions and answers to test interest and awareness?

And finally; As the Faculty of Actuaries and the Institute of Actuaries consider merger, readers of the above accounts may consider the merger pretty academic as for pension accounting purposes, the Faculty is already unable to identify its (pre merger) share of the Faculty & Institute Pension Fund assets and liabilities!

As always, for further comment, assistance, advisory or trustee services, contact me on 07714 064964 or via allan@acmca.co.uk Feedback on Pension Snippets is always welcome. For further details, the full CV, occasional lecture notes and published articles and previous Snippets - visit the web site at www.acmca.co.uk