

The changes to the Society's articles and the disciplinary scheme approved at the EGM have now received the approval of the Minister for Employment and Enterprise and so have come into force. A memorandum on Professional Conduct and Practice together with Advice on Professional Conduct has been issued. The approach taken has been to follow as closely as possible the current Memorandum and APC of the Institute and Faculty. These will be replaced over time by notes taking account of Irish legislation: these notes will have the suffix ROI.

The first of these new guidance notes is GN3 (ROI), which deals with Pensions Act Funding Certificates. A further note, GN11(ROI), dealing with the calculation of transfer values between pension schemes, is being prepared.

Copies of the guidance notes are sent to members as they are approved by Council. A complete set of guidance notes, along with the constitution and disciplinary code, will be issued to members shortly, and this will be updated regularly. In the meantime, copies are available from the Society.

Investment Committee

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Investment Committee

The role of the actuary in the area of investment has been evolving steadily over the past few years. However, with relatively few actuaries directly involved in investment work, a separate investment committee has not been established - until now! Council have now set up an investment committee to provide a forum within the profession where specific investment issues can be addressed, where new ideas can be developed and individual projects undertaken. Above all the committee will seek to further the development of actuaries in the area of investment and to increase the awareness of the relevance of actuarial expertise in the investment work.

As a first step I would be pleased to hear from those members of the profession who would like to contribute to the investment committee. Since investment is inextricably linked to the areas of pensions, life assurance and general insurance I would expect the investment committee to be made up of actuaries from each of these areas along with those directly involved in investment work.

I would also like to hear from members of the profession who wish to raise specific issues for consideration by the committee.

John Feely

Please contact me by June 11th at:

Be a Blood
Donor



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Pensioner Mortality Experience

CMI Reports 8, 9 and 10 deal extensively with UK mortality experience over the years 1979-1982 and the production of new standard mortality tables. These reports include a comprehensive analysis of pensioner and annuitant mortality experience and projections of future mortality improvements. However there is no published Irish pensioner mortality experience and few offices have a sufficient volume of data to enable them to conduct meaningful investigations into their own experience. Against this background Irish offices are writing about £50m of annuity business every year and many pension schemes have significant liabilities for existing pensioners.

Irish Life has the largest volume of annuity business in Ireland. They have conducted regular reviews of their mortality experience and have shared this information with the CMI Bureau for publication. The results of their most recent investigation are summarised here.

This item was included as being of interest to Irish actuaries. We would welcome any similar items of interest from other members.

Current Experience

Experience was examined over 6 calendar years, 1986 - 1991 inclusive. The results, grouped in 3 year bands were:-

	Lives		Amounts		
	No. of Deaths	100 A/E PA(90)	Deaths £000	100 A/E PA(90)	100 A/E PMA(80) Projected
(a) Males					
1986-1988	1111	124%	1249	96%	121%
1989-1991	1091	99%	1390	74%	93%
(b) Females					
1986-1988	335	127%	201	101%	125%
1989-1991	405	115%	326	104%	130%

- * Male pensioner experience at 74% PA(90) is equivalent to PA(90)-3.
- * Male experience is already significantly lower than PMA(80) projected levels.
- * Female pensioner experience is PA(90).
- * There is clear evidence of significant improvements in male pensioner mortality over the period of the investigation.
- * UK CMI experience (male, amounts) averaged 81% PA(90) over the period 1987-1989. Allowing for two years subsequent mortality improvement indicates that CMI male experience is similar to Irish Life experience over the period 1989-1991.

Mortality Improvements

- * Irish population mortality showed an average rate of improvement of 3.6% p.a. for ages 55-64 and 1.5% p.a. for ages over 65 over the period 1986-1991.
- * UK population mortality improved by 1.5% p.a. from 1978-1986.
- * Irish population experience is heavier than that in the UK which would suggest there is scope for greater improvement.
- * The PMA(80) table projects mortality improvements from the base year 1980. The rate of improvement projected varies with age and declines over time.

Conclusion

The PA(90) table incorporated a fixed rate of allowance for improvements in mortality over the twenty year period from 1970. Using PA(90) now, even with age reductions, can only incorporate current experience and cannot take account of expected future improvements. The rate of improvement of Irish annuitants' mortality is such that an allowance for future improvement must be incorporated.

Any queries on the above should be addressed to Brenda Dunne, Irish Life Assurance plc, phone Dublin 704 2801.

Pensions Act Workshop

The rate of change has not let up since the Pensions Act Workshop held last year. The second Workshop on April 28th was as well attended as the first, no mean achievement on the day of the Ireland-Denmark game.

Pension Act Changes:

Jim Kehoe preceded the discussion with a presentation on current pension issues:

The principal changes made in the 1993 Social Welfare Act were:

Regulations can be made to cover external members and external schemes with Irish members. Regulations are expected in the summer.

Normal Pensionable Age is defined for the Act as the greater of 60 and the earliest that a member has the absolute right to a pension without actuarial reduction.

Regulations can be made to cover calculating preserved benefits for those with reckonable service in more than one scheme relating to the same employment.

Schemes frozen in respect of pensionable service and salary before 1.1.1993 are exempt from funding standard requirements.

All members who have passed Normal Pensionable Age rank equally in winding-up priority whether or not they have actually retired.

Guidance Notes:

Jim summarised the main provisions of the recently published GN3(ROI), covering Actuarial Funding Certificates. He emphasised that a Certificate must be submitted within nine months of the Effective Date to which it relates: the Effective Date of the first Certificate must be before 31.12.1993.

Interesting statistics are:

No. of defined benefit schemes:	2268
No. of Certificates received by the Pensions Board:	246
No. of those received outside the time limit:	36

Jim suggested that the deadline may have been widely misinterpreted as meaning that the first Certificate could be submitted at any time before 30.9.1994.

GN11(ROI), dealing with the calculation of transfer values will be issued later this year.

Likely Future Developments:

Regulations for external members/schemes, and for member trustees.

Review of self investment limit for funding standard (currently 20%, likely to be reduced to 0%).

A comprehensive review of the Pensions Act, rather than continuing piecemeal amendment. Jim suggested that members should prepare submissions on points of concern as soon as possible.

A further workshop is planned for 3rd June to discuss further the issues raised.

The discussion which followed covered a lot of ground.

Some of the main issues were:

Some were unhappy with the minimum Normal Pensionable Age of 60, and felt that Funding Certificates could mislead if members could retire earlier without reduction. Others felt that it would be onerous to require funding on a worst case assumption of retirement at the earliest possible age.

Funding Certificates could be misleading to members without the notes on the reverse or any other notes by the Actuary. It was suggested that GN9(ROI) should require such notes to be available to members.

It was suggested that the Actuary should disclose on the Certificate whether he has assumed transfer value or paid-up pensions in the event of a wind-up.

Pensions Act

In the last newsletter, there was an error in the description of the new rules governing contribution refunds.

From 1st January 1993, no refunds of members contributions may be given on withdrawal in respect of service since 1st January 1991, except if the member has less than two years' service. Contributions made before that date may still be refunded, but are subject to tax of 25%.

Examination Entries

A number of Dublin students were not allowed to sit the Institute examinations last month because their entries were not received. Where entries miss the deadline, the Institute rarely allows students to sit, no matter what the circumstances. It is very important to emphasise that each student should make sure to get an acknowledgement of their entry before the deadline.

Finance Bill

The 1993 Finance Bill was published on 6th May. It contained a change to the provisions for deemed disposal of life office non-gilt assets at 31.12.92. Despite what was previously announced, the gain or loss will be calculated allowing in either case for indexation, and spread over seven years.

New Telephone Numbers

The new numbers of the Society are:

Phone: Dublin 661 2427

Fax: Dublin 662 1196

Members dialling from the UK should use the prefix 010-353-1

Calendar

Members will be circulated with full details before each meeting.

24th May	Annual Golf Outing Delgany Golf Club
3rd June	Pensions Workshop
17th June	Annual General Meeting followed by General Insurance Meeting Stephen's Green Club