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The Morris Review
Room G/37
One Horse Guards Road
London
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Dear Sirs,

MORRIS REVIEW OF THE ACTUARIAL PROFESSION: INTERIM ASSESSMENT

INTRODUCTION TO SPC

SPC is the representative body for the providers of advice and services needed to establish and operate occupational and personal pension schemes and related benefit provision. SPC's Members include accounting firms, solicitors, life offices, investment houses, investment performance measurers, consultants and actuaries, independent trustees and external pension administrators. Slightly more than half the Members are consultants and actuaries. SPC is the only body to focus on the whole range of pension related functions across the whole range of non-State provision, through such a wide spread of providers of advice and services.

The overwhelming majority of the 500 largest UK pension funds use the services of one or more of SPC's Members, as of course do many thousands of smaller ones. SPC's growing membership collectively employs some 14,000 people providing pension-related advice and services.

OBSERVATIONS ON THE INTERIM ASSESSMENT

We offer the following observations:-

- We agree with the suggestion in paragraph 2.63 that there is a clear responsibility upon the actuarial profession to communicate actuarial advice in a clear non-technical way. In our view firms of consulting actuaries devote considerable attention to clients satisfaction follow-up, designed to check that advice is understandable and useful. Clients therefore generally have plentiful opportunities to say if what they are being provided with is not useful.
- We agree that more external scrutiny of the actuarial profession would be appropriate and we support the manner in which the actuarial profession itself is addressing this. We are aware that there is a perceived shortcoming in the external supervision of the accountancy profession. Some commentators suggest that the way in which external supervision of the accountancy profession has been implemented has sometimes turned accountants into compliance officers.

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- The question of splitting advice to the sponsoring employer and the pension scheme trustees is a subject on which views will often differ. A large well established firm, with long-standing relationships with both the sponsoring employer and the trustees will tend to have a different view to that of a small firm seeking to make inroads into the market. Whatever these differences of view, however, we consider that it should not be mandatory to have separate advisers for the two parties. There will be many cases where the cost of doing this will be unjustified and where separation will be unnecessary.

Yours faithfully

John Mortimer
Secretary

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