

The Society of Pension Professionals (SPP) response to the FRC consultation: Technical Actuarial Standards for Collective Money Purchase Pensions

1. Introduction

- 1.1. The SPP very much supports the overall direction of proposed changes to TAS 310 to improve transparency and governance for collective money purchase (CMP) and UMES actuarial work.
- 1.2. We agree with the FRC that that these changes are likely to promote quality and market confidence.
- 1.3. Our response emphasises the need to focus on proportionate, principles-based standards that offer clarity, preserve professional judgement and do not create unnecessary procedural burdens.

2. Executive summary

- 2.1. **On actuarial equivalence, the SPP agrees with avoiding overly restrictive drafting that limits legitimate actuarial judgement.**
- 2.2. **In relation to method choice & cross-subsidies, the SPP supports requirements to consider and communicate material cross-subsidies.**
In practice, there is often not a real “choice” as we explain below.
- 2.3. **The SPP endorses consideration and communication of the relevant period.**
The choice of period can be materially affected by structural membership changes (e.g. large new employer) and economic shocks (e.g. fiscal volatility etc.). Standards should balance responsiveness with stability.
- 2.4. **Alignment between equivalence and valuation assumptions is desirable.**
However, differences may legitimately arise (e.g. allowing for market movements). Any divergence must be clearly explained, particularly where sustainability or generational fairness could be affected.
- 2.5. **The SPP does not see a strong need for additional guidance.**
If additional guidance is produced, it is essential that it is fully aligned with the UMES regulations and TPR Code of Practice.
- 2.6. **The SPP supports the 31 July 2026 date for TAS 310 to become effective, given the wider regulatory timetable.**

NOTICE

*Please feel free to share, reprint or quote any of this consultation document providing you acknowledge the source
(The Society of Pension Professionals).*

This response is not meant to give accounting, financial, consulting, investment, legal, or any other form of professional advice. If you require such information, advice or guidance, please speak to a professional adviser. The publisher (The Society of Pension Professionals) cannot accept responsibility for any errors in this publication or accept responsibility for any losses suffered by anyone who acts or fails to act as a result of any information given in this publication.

3. Consultation response

- 3.1. **Question 1: What are your views on the proposed provisions P7.1 and P7.5? Are there any specific rating factors (for example, age) that you think should or should not be used in determining actuarial equivalence?**
- 3.2. The SPP recommends against overly restrictive drafting on rating factors that could limit legitimate actuarial judgement i.e. this is currently drafted permissively and should remain so.
- 3.3. It is not clear from P7.1 how frequently actuaries are expected to review, and advise on, the rating factors. We would expect such work to be done every few years or when there are large changes (e.g. a large employer may change the dynamics of demographic averages). However, as the actuarial equivalence test is done frequently (at the end of every relevant period), it could be interpreted that P7.1 needs to be completed frequently as well. We suggest the expectation should be made clear. We note that this is also the case for P7.2 and P7.3.
- 3.4. We do not think that there is a need to have to quantify the difference between using all different rating factors. Rating factors could include many attributes such as very detailed medical tests, which would be hard to quantify.
- 3.5. **Question 2 What are your views on provisions P7.2 and P7.6? Are there any other issues relating to the choice of method that should be communicated to intended users?**
- 3.6. We have some concerns about the potential frequency with which the choice of method may need to be revisited under these provisions. In practice, if the circumstances that trigger reconsideration are interpreted broadly, this could lead to the method being reviewed or potentially changed relatively frequently. While it is appropriate that the method remains suitable and responsive to the scheme's circumstances, excessive reconsideration could introduce unnecessary volatility and complexity for intended users, particularly members seeking to understand how outcomes are determined.
- 3.7. It may therefore be helpful for the guidance to emphasise that changes to the chosen method should normally occur only where there has been a material and sustained change in circumstances, and not in response to short-term fluctuations. Clarifying expectations around the stability of the method and the threshold for reconsideration would help provide greater predictability for intended users.
- 3.8. We also question the extent to which this is truly a "choice" in practice. Scheme design, regulatory requirements and contribution/accrual structures will often significantly constrain the available approaches. In many cases, practitioners may wish to analyse both employer-level and member-level impacts in order to provide robust advice only at the scheme design stage. The standard would benefit from acknowledging that the scope for discretion may be limited once design decisions have been taken.
- 3.9. Furthermore, given the level of cross-subsidy analyses already required under P7.1, for schemes choosing to use member-level method, further analysis of grouping by employer just to satisfy P7.2 appears to be excessive.
- 3.10. In relation to P7.2, greater clarity would be helpful on what constitutes a "material" cross-subsidy and how this interacts with the inherent risk-pooling features of collective arrangements. Some redistribution is intrinsic to CMP design; the requirement should focus on transparency rather than implying that neutrality beyond regulatory requirements is expected.

NOTICE

*Please feel free to share, reprint or quote any of this consultation document providing you acknowledge the source
(The Society of Pension Professionals).*

This response is not meant to give accounting, financial, consulting, investment, legal, or any other form of professional advice. If you require such information, advice or guidance, please speak to a professional adviser. The publisher (The Society of Pension Professionals) cannot accept responsibility for any errors in this publication or accept responsibility for any losses suffered by anyone who acts or fails to act as a result of any information given in this publication.

- 3.11. **Question 3 What are your views on provisions P7.3 and P7.7? What other considerations are there in the choice of relevant period?**
- 3.12. The SPP again supports the intent behind these provisions (P7.3 and P7.7) in requiring practitioners to consider and communicate the choice of relevant period when assessing actuarial equivalence. The length and timing of the relevant period can have a material impact on outcomes, particularly where experience or membership composition is evolving.
- 3.13. The relevant period should not be longer than 12 months, consistent with annual valuations and pension adjustments.
- 3.14. However, the choice of relevant period cannot be considered in isolation from scheme dynamics. Could averages and expected values be distorted by structural changes in membership?
- 3.15. For example, structural membership changes e.g. if a large new employer with a substantial number of members joins the scheme, this could significantly alter demographic averages (age, salary profile, life expectancy assumptions, contribution mix etc.). Depending on the relevant period selected:
- A short or prospective period may heavily reflect the characteristics of the new employer, potentially diluting or redistributing value relative to existing employers and members.
 - A longer or blended period may smooth this impact but could also embed cross-subsidies between legacy and new cohorts.
- 3.16. The relevant period therefore interacts directly with fairness and cross-subsidy considerations. It may materially affect whether equivalence appears to hold at employer or member level, particularly in an unconnected multiple-employer context.
- 3.17. Second, macroeconomic shocks. Events such as sudden fiscal disruption (as with the 2022 mini-Budget) or a prolonged inflation spike can materially distort yields, inflation expectations and asset values over short timeframes. A very short or market-consistent relevant period could cause actuarial equivalence outcomes to be driven by temporary dislocations, creating volatility in accrual rates or apparent cross-subsidies depending on timing. Conversely, an excessively long averaging period may under-react to genuine structural economic change.
- 3.18. The standard would benefit from explicitly recognising that the relevant period should balance responsiveness with stability, and that reconsideration may only be appropriate following material structural or economic change. Absent such triggers, routine revision should not be required.
- 3.19. We recognise that causes of market shocks often cannot be predicted (e.g. the mini-Budget of 2022) or communicated at the outset to the users of actuarial information. We also note that, if market movement triggers are set, it may not always be appropriate to change the accrual rates when the triggers are breached, especially if the shocks are expected to be short term or if the standard relevant period is coming to an end. We suggest that the word “change” in P7.3c and P7.7c should be changed to “be reviewed”.
- 3.20. **Question 4 What are your views on provisions P7.4 and P7.8? Are there any other areas where you expect a difference between the assumptions for actuarial equivalence and the actuarial valuation?**
- 3.21. The SPP supports the intent of P7.4 and P7.8 in requiring clarity around the relationship between assumptions used for actuarial equivalence and those used for the actuarial valuation. This is perfectly logical as such transparency is important to avoid misunderstanding and unintended cross-subsidies.
- 3.22. In most circumstances, alignment between equivalence and valuation assumptions is desirable, particularly where both are based on central estimates. However, differences may legitimately arise depending on purpose.

NOTICE

Please feel free to share, reprint or quote any of this consultation document providing you acknowledge the source (The Society of Pension Professionals).

This response is not meant to give accounting, financial, consulting, investment, legal, or any other form of professional advice. If you require such information, advice or guidance, please speak to a professional adviser. The publisher (The Society of Pension Professionals) cannot accept responsibility for any errors in this publication or accept responsibility for any losses suffered by anyone who acts or fails to act as a result of any information given in this publication.

- 3.23. We note that a firm under commercial pressure may wish to offer a more attractive accrual rate or conversion factor to incentivise joining a CDC scheme. In such a case, actuarial equivalence may be demonstrated using assumptions that support the offered rate on an expected value basis at employer level. Consistent assumptions for all members may mean that lower benefit adjustment rates are offered, thus reducing benefits to existing members especially those who have already built up a relatively large pot. On the other hand, the actuarial valuation would need to consider broader scheme sustainability, including inter-cohort impacts and longer-term funding resilience. We suggest the FRC should consider strengthening the principle of using central estimate assumptions here (P2) so that actuaries under commercial pressure to do otherwise may be able to rely on these restrictions.
- 3.24. Where legitimate reasons for using different assumptions arise, for example a new employer with very different membership demographics to the current cohort, it could give rise to differences in the time horizon or relevant period considered; the degree of smoothing or allowance for volatility; the assessment of cross-subsidies between existing and new members; and the consideration of prudence or stress scenarios in the valuation context. We suggest that instead of requiring assumptions for actuarial equivalence to be “the same” as those that for the actuarial valuation, the FRC may wish to consider requiring the actuarial equivalence assumptions to be “consistent with” the valuation assumptions.
- 3.25. In such situations, it is particularly important that any divergence between equivalence and valuation assumptions is clearly explained. Commercial incentives should not obscure the impact on overall scheme soundness or intergenerational fairness.
- 3.26. Finally, it should be made clear that assumptions should change in line with market conditions between valuations.
- 3.27. **Question 5 Do you agree with the proposal to extend the requirements of P3.1 to accrual rates? Please provide reasons for your answer and alternative approaches where relevant.**
- 3.28. Yes, the SPP agrees with the proposal to extend the requirements of P3.1 to accrual rates.
- 3.29. However, the language used need to be workable for single employer schemes that are required to have fixed accrual rates.
- 3.30. **Question 6 What are your views on the proposed new provisions P8.3 and P8.7? Do you believe the proposed changes create any additional requirements in relation to single employer CMP schemes? Please explain your rationale.**
- 3.31. P8.7a requires explanations of differences between different types of actuarial factors. We consider explanations of different approaches and any inconsistent assumptions to derive the factors would be sufficient.
- 3.32. Otherwise, the SPP is comfortable with the provisions and therefore has nothing further to add.
- 3.33. **Question 7 What are your views on the proposed changes to provisions in relation to viability assessments? Are there any other areas an actuary should consider in relation to soundness of a CDC scheme?**
- 3.34. In addition to aggregate financial metrics, we consider that inter-cohort impacts (particularly between younger and older members) are relevant to viability. If contribution and accrual structures, or demographic shifts, result in material and persistent redistribution between age groups, this may affect long-term sustainability, member confidence and participation.
- 3.35. We suggest the standard make clearer that viability assessments should consider not only overall financial resilience but also whether emerging imbalances between cohorts could undermine the ongoing soundness of the scheme.

NOTICE

Please feel free to share, reprint or quote any of this consultation document providing you acknowledge the source (The Society of Pension Professionals).

This response is not meant to give accounting, financial, consulting, investment, legal, or any other form of professional advice. If you require such information, advice or guidance, please speak to a professional adviser. The publisher (The Society of Pension Professionals) cannot accept responsibility for any errors in this publication or accept responsibility for any losses suffered by anyone who acts or fails to act as a result of any information given in this publication.

- 3.36. We expect future benefit adjustments to be materially different once a scheme has been closed to new members or accrual of benefits for a long time, but these changes are unlikely to happen soon after closure. We suggest P5.1d may benefit from having a timescale.
- 3.37. Subject to these clarifications, we are comfortable with the proposed provisions.
- 3.38. **Question 8 Are there any areas where additional guidance would be helpful? If so, please set out the specific areas and/or provisions where guidance may be helpful.**
- 3.39. We do not consider that additional guidance is generally necessary. The draft provisions are clear and appropriately principles-based, whereas further guidance risks becoming overly prescriptive in what is an evolving area.
- 3.40. If additional guidance is produced, consistency with existing legislative (UMES Regulations 2024) and regulatory (TPR's Code of Practice) expectations, and the TAS itself, is essential. In the past, we note that there had been situations where FRC guidance has been more lenient than the relevant TAS.
- 3.41. **Question 9 Are there any further aspects of technical actuarial work you expect to be impacted by the introduction of UMESs regulations which are not adequately covered by the proposed changes to TAS 310? If so, please explain what they are.**
- 3.42. There is an argument for employer entry and exit dynamics, data complexity, pricing pressures, and a governance and monitoring framework to be explored to ensure responsiveness to the practical realities of UMES operation but they are probably more relevant to TPR's code than the TAS.
- 3.43. **Question 10 What are your views on the proposal that the standard would be effective from 31 July 2026? Please set out any practical difficulties which you believe this might cause.**
- 3.44. In an ideal world industry would have more time but given the UMES regulations laid before Parliament, alongside an updated TPR Code of Practice, are expected to come into force on 31 July 2026 and that potential UMESs will be able to seek authorisation from TPR from this date, the 31 July 2026 date is understandable.
- 3.45. Combining the above with the FRC statement that, "...unless there are substantial changes to the exposure draft resulting from the consultation, we aim to publish TAS 310 v1.1 before 31 July 2026"¹ means that the SPP supports the proposal.
- 3.46. However, we would welcome the FRC informing the industry as soon as possible if the final TAS 310 is expected to be substantially different to this exposure draft.
- 3.47. **Question 11 Do you agree with our impact assessment? Please give reasons for your response.**
- 3.48. The SPP agrees that these proposed changes will help to promote quality in technical actuarial work in relation to this new type of scheme, thereby supporting market development and raising public confidence in this important emerging area.
- 3.49. We encourage ongoing dialogue with practitioners to ensure standards remain workable and proportionate.

¹ FRC consultation, "Technical Actuarial Standards for Collective Money Purchase Pensions" February 2026:
https://media.frc.org.uk/documents/Technical_Actuarial_Standards_for_Collective_Money_Purchase_Pensions_Consultation_Paper.pdf

NOTICE

*Please feel free to share, reprint or quote any of this consultation document providing you acknowledge the source
(The Society of Pension Professionals).*

This response is not meant to give accounting, financial, consulting, investment, legal, or any other form of professional advice. If you require such information, advice or guidance, please speak to a professional adviser. The publisher (The Society of Pension Professionals) cannot accept responsibility for any errors in this publication or accept responsibility for any losses suffered by anyone who acts or fails to act as a result of any information given in this publication.

- 3.50. Finally, we recommend clearer differentiation in the application of Section 7 provisions to reflect the structural differences between unconnected multiple-employer schemes (UMES) and single-employer CDC schemes. For example, the definition of “actuarial equivalence” in the glossary could be interpreted such that, whilst the concept is set out in the UMES regulations, P7 is not restricted to UMES schemes only.

4. About The Society of Pension Professionals

- 4.1. The SPP is the representative body for a wide range of providers of advice and services to pension schemes, trustees and employers. Our work harnesses the expertise of our membership, striving for a positive impact on pension scheme members, the pensions industry and its stakeholders.
- 4.2. The breadth of our members is a unique strength for the SPP. Our membership of 90 corporate organisations employs over 20,000 pension professionals including actuaries, lawyers, professional trustees, DC consultants, investment managers, providers, administrators, covenant assessors, and other pension specialists.

5. Further information

- 5.1. For more information about this consultation response please contact SPP Director of Policy & PR at: phil.hall@the-spp.co.uk or telephone the SPP on 0207 353 1688.
- 5.2. To find out more about the SPP please visit the SPP web site: <https://the-spp.co.uk/> connect with us on LinkedIn at: <https://www.linkedin.com/company/the-society-of-pension-professionals/> or follow us on X (Twitter) at: <https://twitter.com/thespp1>

20 March 2026



NOTICE

Please feel free to share, reprint or quote any of this consultation document providing you acknowledge the source (The Society of Pension Professionals).

This response is not meant to give accounting, financial, consulting, investment, legal, or any other form of professional advice. If you require such information, advice or guidance, please speak to a professional adviser. The publisher (The Society of Pension Professionals) cannot accept responsibility for any errors in this publication or accept responsibility for any losses suffered by anyone who acts or fails to act as a result of any information given in this publication.