Society of Actuaries in Ireland

Information and Assistance Note PEN-1:

Report on Actuarial Liabilities to be included in annual report disclosures of occupational pension schemes, for the purposes of FRS 102, and as recommended by the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (revised June 2018).

Issued by the Society of Actuaries in Ireland, 27 March 2023

Disclaimer

This Information and Assistance Note ("Note") is intended to assist members of the Society of Actuaries in Ireland who are involved in preparing or advising on the report on actuarial liabilities to be included in annual report disclosures of occupational pension schemes. This requirement arises under FRS102, and as recommended by the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (revised June 2018) which is applicable for accounting periods commencing 1 January 2019.

Members of the Society are not obliged to prepare, or advise Trustees to prepare, Reports on Actuarial Liabilities strictly in accordance with this Note. Members are encouraged to consider the template offered here but will need to exercise judgement as to its suitability in the context of the particular scheme in question.

The Society does not accept responsibility or liability for any loss to any person or body as a result of any decision or action taken on foot of information, opinions or suggestions set out in this Note.

This Information and Assistance Note offers a template that may be suitable for use where a Report on Actuarial Liabilities is prepared for the purposes of inclusion in annual report disclosures of occupational pension schemes in accordance with FRS 102 and as recommended by the Statement of Recommended Practice, "Financial Reports of Pension Schemes" (revised June 2018) which is applicable for accounting periods commencing 1 January 2019 – see overleaf.

The ABC Pension Scheme ("the Scheme")
Report on Actuarial Liabilities

Under Section 56 of the Pensions Act, 1990, and associated regulations, the Trustees of defined benefit pension schemes are required to have a valuation[1] of the scheme prepared on a triennial basis. The most recent formal actuarial valuation of the Scheme was carried out as at *[bold font:]* **[day] [month] [year]**. A copy of the report is available to Scheme members on request.

One of the purposes of the valuation is to set out the Scheme's ongoing funding level. It does this by comparing the value of the Scheme's accumulated assets with the value of its accrued liability. The assets and liabilities emerging from the last valuation were as follows:

	€ 000s
Value of Accumulated Assets*	XX,XXX
Value of Accrued Liability	XX,XXX
Surplus/(deficit)	XX,XXX
Funding Level	XX.X%

Valuation Method & Assumptions**

The value of the accrued liability was calculated by firstly projecting the accrued benefits payable in the future, making assumptions in relation to financial matters such as salary and pension increase rates and demographic matters such as mortality rates. The resultant projected benefit cashflows were then discounted to the valuation date to arrive at a single capitalised value.

A summary of the most significant actuarial assumptions used to determine the accrued liability is set out below (full details are provided in the Scheme's triennial actuarial report):

Financial assumptions	
Discount rate	
- Pre-retirement	x% pa
- Post-retirement	x% pa
Inflation	x% pa
Salary increases	x% pa
Pension increases	x% pa
Demographic assumptions	
Post-retirement Mortality *[consider including details of allowance for improvements or information on where details can be found]* *[consider including information such as life expectancy at indicative retirement ages, rather than simply naming a table]*	*[as applicable, e.g.:]* Table x for males and females, with allowance for improvements

The next valuation is due to be completed with an effective date not later than [day] [month] [year].

[1] *[Include in Report]*: It should be borne in mind that a valuation is only a snapshot of a scheme's estimated financial condition at a particular point in time; it does not provide any guarantee of future financial soundness of a scheme. Over time, a scheme's total cost will depend on a number of factors, including the amount of benefits paid and the return earned on any assets invested to pay benefits.

Notes to users of this IAN - not part of the template:

**A new requirement of FRS102 is to report the value of annuities purchased in the name of the Trustees. However, the purpose of this report is to provide summary information from the latest section 56 valuation report. Therefore the asset value quoted here should be consistent with the asset value disclosed in the triennial valuation report.*

***Consider whether it is necessary to reference the valuation funding method.*