



Alexander Forbes

Actuarial Services

Rising to Today's Challenges in the pension market

Alexander Forbes Financial Services offers a wide range of actuarial services to support employers and trustees. In developing our solutions, we understand that today's challenges in the pension market require both parties to meet their regulatory responsibilities whilst recognising that control over cost is also of paramount importance.

Trustees and employers need to be able to access our expertise in a way that best suits their business needs. So we focus on building strong open relationships with all our clients; facilitated through our regionalised actuarial branch structure.

Our breadth and depth of experience means you can benefit from robust solutions that are both innovative and practical and explained in terms that are meaningful to you.

Overview of our Actuarial Services

To provide flexibility, we have structured our range of services into two categories – Core and Core Plus.

Core provides the essential services that are best performed by a single consultant as this represents the best value for money. We believe this is even more the case for an SME than a larger entity. Core Plus encompasses those services, such as the preparation of scheme accounts, which must be performed but which a client might prefer to source elsewhere. It also includes those services which can be viewed as "optional extras" where advice and support may be required from time to time or on a project basis.

Core Services

With so much financial uncertainty surrounding the running of a Defined Benefit scheme, trustees welcome our genuine and competitive fixed fee approach in delivering our Core services. It allows us to provide all the actuarial services that will enable them, confidently, to meet all of their regulatory and fiduciary obligations.

These Core services include:

- Triennial valuations on the ongoing Statutory Funding Objective, solvency (estimate of the buy-out costs) and Section 179 (for PPF Levy purposes) bases
- Annual actuarial report and drafting of Summary Funding Statements
- Asset liability modelling and report
- Drafting of Statement of Investment Principles
- Day to day "care and maintenance" functions, such as transfer value calculations
- Consulting; advice and guidance on the financial impact of changes to regulations

Key benefits of our fixed fee approach are:

- removes concerns over unexpected billing
- allows for improved overall scheme governance
- fosters open and honest relationships
- keeps control of costs
- provides access to our expertise in a way that suits you

"Our extensive experience coupled with our flexible and innovative approach means that we design our solutions around the needs of employers and trustees."

Core Plus Services

These Core Plus services include:

- Insufficiency reports to enable trustees to reduce transfer values. Not all trustees wish to do so, even where their scheme is underfunded, so we provide this as an option
- Pensions aspects of mergers and acquisitions
- Accounting disclosures for company accounts
- 'Sweet spot' consensus transfer values and swapping non statutory pension increases for level pensions in order to reduce pension liabilities and risk
- Conversion to a Defined Contribution scheme for future service (while continuing to meet the benefit expectation of existing members)
- Defined Benefit scheme wind up in a planned and cost effective manner
- Full range of investment consulting from manager selection to fiduciary fund management

A number of these services are included in our Managed Wind Up proposition which is described in a series of brochures and aims to get a scheme to the point where it can be wound up without prohibitive cost and in as short a period as possible.

Once we have identified your specific requirements, we will provide you with a clear course of action and confirm to you, in advance, a fixed fee for the proposed work.

Employer's Covenant

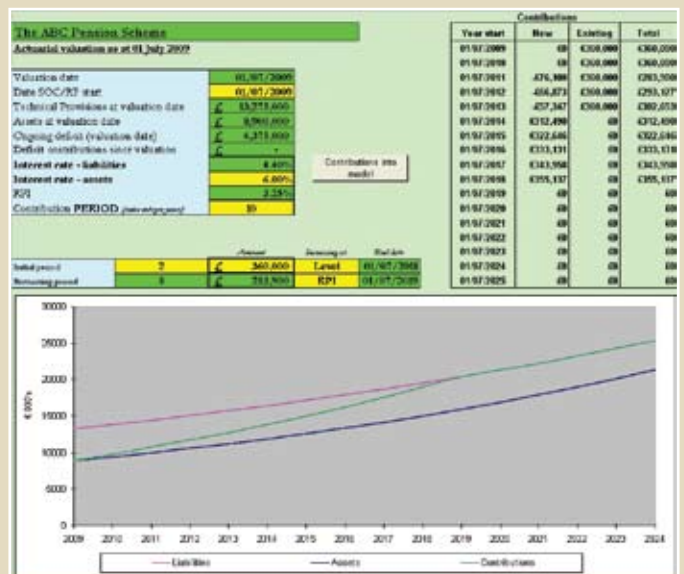
The trustees' two most important responsibilities are the valuation and the investments. At the heart of any decisions on these is their assessment of the strength of the Employer's Covenant. In order to do this effectively, trustees need to obtain a good deal of unpublished and confidential information and while for many large schemes an independent assessment by an external consultant may be justifiable, this can be a heavy additional financial burden on the SME.

At Alexander Forbes Financial Services, we have developed the tools and processes to enable the trustees to carry out their own assessment, very often without the need for any additional outlay.

Integrated Valuation and Investment Tool

A scheme's funding and investment strategies must be consistent with each other. Yet for many trustees this poses a dilemma – do they set their investment strategy in light of the triennial valuation or should how they invest determine their valuation assumptions?

Our integrated and interactive model enables us to cut this Gordian knot so that trustees and employer can agree both the investment strategy and the valuation liabilities together with the recovery plan, at one and the same meeting. This is more efficient for us helping to keep our fees competitive and is a sensible approach for our clients, since time managing the scheme is often a hidden cost which involves expensive senior management time in decision making.



Conflicts of Interest

There is a potential for conflicts of interest in providing support and advice to both the employer and the trustees. We believe it is in the best interest of the members if the trustees, employer and their advisers work in partnership and where possible, we suggest that the trustees and employer use the same Actuary. This also helps keep the fees under control.

However, if conflicts do arise, we can of course just be appointed by one party.

Alexander Forbes Financial Services

Alexander Forbes Financial Services is a leading national IFA, providing a comprehensive range of employee benefits and services to trustees and companies.

Alexander Forbes Financial Services is part of the Alexander Forbes Group, an international financial services organisation serving small, medium and large businesses as well as individual clients across Africa and Europe.

Here to help

Our Actuaries are based around the country. If you would like to discuss your specific requirements or would like to know more about the services we have outlined in the brochure, please contact the appropriate Actuarial Head located at the office closest to you.

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