

PSPA Pensions Committee  
Technical Sub-Committee

Joint Notice – September 2015

The Technical Sub-Committee of the Public Sector Pensions Committee held its second meeting on 4<sup>th</sup> September 2015. The main purpose of the meeting was to consider the reports prepared by the Government Actuary's Department (GAD) and by First Actuarial LLP in line with the December 2014 Tynwald motion.

The remit given to GAD was in line with the December 2014 Tynwald motion, which was to validate the actuarial figures prepared by Hymans Robertson and used in the Working Group report. The remit provided to First Actuarial was extended into two parts at the request of the Employees' Side of the Pensions Committee, the first part being to validate or dispel the actuarial figures and the second part being for First Actuarial to provide an opinion as to what recommendations, if any, they deemed necessary to assist the future sustainability of the Unified Scheme (GUS) ahead of the 2020 cost sharing review. First Actuarial were in attendance at the Sub-Committee meeting in order to present their findings and to answer questions raised by the members of the Sub-Committee.

A positive and in-depth discussion was entered into by all parties in order to clarify and understand the findings of the First Actuarial report. In the view of First Actuarial and to summarise, with regard to Part 1 of the brief to dispel or validate the Hymans Robertson figures, they found that the actuarial figures used in the Working Group report were based on data that was fit for purpose, a sound modelling methodology and reasonable actuarial assumptions which could therefore be relied upon to project future cashflows as used in the Working Group report. First Actuarial did however identify some shortcomings in the original data from 2006 which was used in the initial scheme design but noted that for the purposes of the 2013 cashflow work, these shortcomings had been rectified.

With regard to Part 2 of the brief, in the opinion of First Actuarial, further changes in both contributions and benefits may be required in advance of the 2020 cost sharing review, unless cost sharing is brought forward, and their opinion on these changes was provided in the report and are summarised in the Executive Summary to the report. Considerable discussions were entered into on this part of the brief by the Sub-Committee in order to clarify First Actuarial's thinking and it was agreed that their report was very comprehensive and that their attendance at the meeting had been very worthwhile.

The content of the GAD report was also noted and with regard to the validation of the figures as requested, concurred with the findings of the First Actuarial report.

It was noted that the full Committee would consider the reports at its meeting the following week and that the Technical Sub-Committee would reconvene later in September to look at the further technical detail of the First Actuarial report in particular and provide feedback to the October 23<sup>rd</sup> meeting of the full Committee.

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Joint Chairs, Technical Sub-Committee