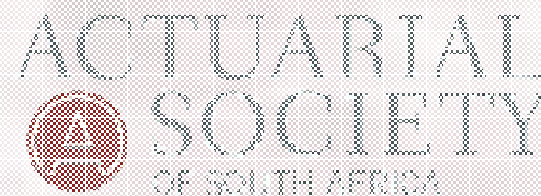




Professional Guidance Notes

Retirement Matters Committee

PGN Sub - Committee



Roy Lennox (Chairman)

Mike Codron

Selwyn Feldman

Mick Jenkins

Gavin Finch

Stephen Walkers

Natasha Huggett-Henchie

Past problems

1. Insufficient consultation and belated input – 11th hour derailment
2. Lack of clarity of “PGN Purpose” – disagreement on content

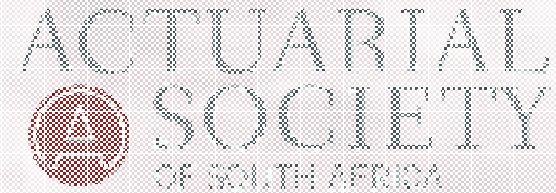
→ → Difficulty in giving birth to PGN's

RMC - Proposal

RMC proposes:

1. Clearer statement of PGN Purpose
2. Establishment of PGN Principles
3. Process of consultation and consensus building

PGN Purpose - existing

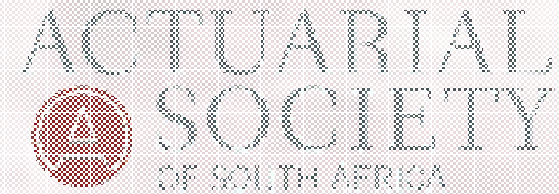


1. Per Actuarial Website Note: “PGN Process”

“assist members in carrying out their professional responsibilities”

2. RMC believes this broad statement requires specifics to give direction and focus for PGN production

PGN Purpose – RMC proposal



RMC proposes the following amplification of the PGN Purpose:

“To assist members in carrying out their professional responsibilities by:
providing guidance, where necessary, for any of the following purposes:

(a) Managing identified **risks** to the profession

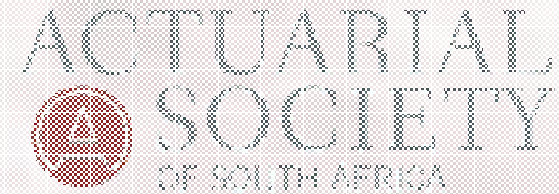
(e.g. risks: inconsistency, incompleteness, etc.)

(b) Protecting identified **interests of users** of the information

(e.g. users: clients, regulator, general public)

(c) To clarify matters of importance where identified **uncertainty**

PGN Principles – RMC proposal



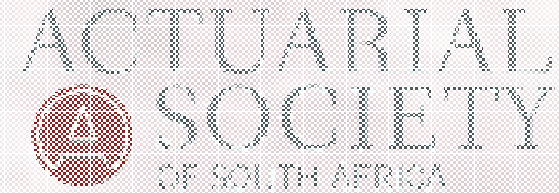
“PGN’s should satisfy the following **PGN Principles**:

- (a) Achieve the **PGN Purpose** (specific purposes should be identified)
- (b) Do not unnecessarily impede professional judgement & discretion

*[Accordingly, PGN’s should be **principles based**, and prescriptive only if this is necessary to achieve the PGN Purpose.]*

- (c) Are concise
- (d) Accept legislation as given (i.e. no need to restate legislation)”

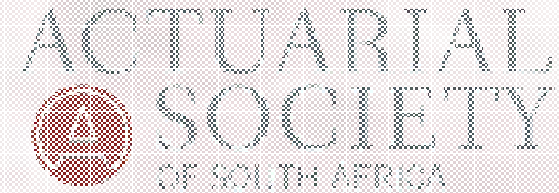
PGN Consultation - existing



The Actuarial Website Note: “PGN Process” requires that:

1. PGN's must be approved by Council
2. The **need** for a guidance note must **first**:
 - (a) be identified
 - (b) the need must be motivated to and approved in principle by Council
3. The “drafting and consideration of a PGN” should :
 - (a) Involve relevant stakeholders
 - (b) Obtain input from experts
 - (c) Comply with legislative and regulatory requirements

PGN Consultation – RMC proposal

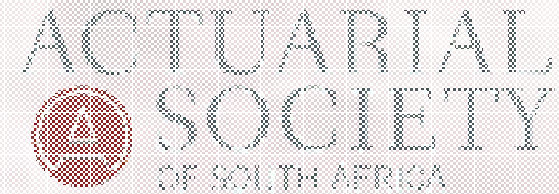


RMC proposes the following consultation process:

1. Establish a group of “PGN Respondents”
 - a) Relevant Organisations (including regulator) – RMC to request relevant decision maker to nominate an individual to consolidate and represent the views of members in the organisation
 - b) Independents – RMC will seek to establish PGN Respondents for groups of independents (e.g. by region or peer review grouping)
- RMC will involve PGN Respondents from early stage (including identifying need for PGN, defining the purpose of PGN, contents, etc.)

NOTE: individual members can also provide input on PGN's to RMC

Implications of RMC proposal



1. RMC proposal is consistent with the Actuarial Society website note: “PGN process”
2. Some delay in producing PGN’s must be expected while RMC:
 - a) Puts PGN Respondents in place
 - b) Applies the **PGN Principles** (either on a “clean sheet basis” or to existing PGN’s – to be decided)
3. Increased time to produce a PGN (more consultation)
4. But, **hopefully**:
 - a) Better focused PGN’s that meet real needs and purposes
 - b) Better consensus building process
 - c) Quicker final approval by the profession and Council

Next Steps

1. RMC to establish PGN Respondents group
2. RMC to apply the PGN Principles, either (to be decided by RMC) :
 - a) On a “clean sheet basis”
OR
 - b) To existing PGN’s in some order of importance (e.g. PGN 201)
3. When applying the **PGN Principles**, RMC to **identify and rank**:
 - a) Professional risk areas
 - b) Areas where interests of users of the information are compromised
 - c) Important areas of uncertainty
4. RMC to involve PGN Respondents from an early stage



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