

# SCOTTISH PARLIAMENTARY PENSIONS ACT 2009

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### Part S Accounts, Audit and Actuarial Reports

##### Rule 103: Actuarial reports

###### Actuaries

427. An actuary is a person qualified to calculate commercial risks and probabilities involving uncertain future events, especially in the context of insurance and life assurance calculations such as premiums, reserves, dividends and annuity rates.

###### Actuarial valuations

428. In relation to a pension scheme, an actuarial valuation is an assessment, usually carried out every three years, by the Pension Fund actuary, to work out what money needs to be put into the pension scheme in the future to ensure that the pensions can be paid.

429. Rule 103(1) defines the “scheme actuary” as the person appointed by the Fund trustees under section 47(1)(b) of the 1995 Act. That provision requires that an actuary is appointed for every occupational pension scheme by the trustees or managers. Reference should be made to the Occupational Pension Schemes (Scheme Administration) Regulations 1996,<sup>1</sup> specifically Regulation 4(1)(b) which provides that the qualifications of an eligible actuary must be either a Fellow of the Institute of Actuaries, or the Faculty of Actuaries or approved by the Secretary of State.

430. Rule 103(2) requires that the Fund trustees must obtain actuarial valuations at intervals of at least every three years. In addition to this mandatory valuation, the rule also enables the Fund trustees to request a valuation at any time.

431. The content of the actuarial report is set out in rule 103(3). It must include an overview of the general financial position of the Pension Fund and an actuarial valuation of the assets and liabilities. The scheme actuary must also recommend a contribution rate to be paid under rule 32(2)(a). The recommended rate must be shown as a percentage of the participating member salary payments.

432. Rule 103(4) provides that a copy of each actuarial report must be laid before the Parliament by the Fund trustees within three months of the Fund trustees obtaining it.

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<sup>1</sup> S.I. 1996/1715