LCP's response to the FRC consultation on TAS310 version 1.1: Collective Money Purchase Pensions

23 March 2026

This document sets out LCP's response to the Financial Reporting Council's consultation on version 1.1 of Technical Actuarial Standard 310: Collective Money Purchase Pensions, published on 9 February 2026 (the "Consultation").

Our high-level comments on the consultation proposals

We are supportive of the FRC's proposals to revise the Technical Actuarial Standard 310: Collective Money Purchase Pensions to include provisions for actuaries advising unconnected multi-employer CDC schemes.

We agree with the intentions of the draft principles, although there are some practical considerations that may need to be addressed. These are set out in detail in the individual responses below. In particular, it will be helpful if the full standard can be published as soon as possible ahead of 31 July 2026 as much work to prepare for authorisation processes is already being carried out.

Chapter 3: Actuarial equivalence

1: What are your views on the proposed provisions P7.1 and P7.5? Are there any specific rating factors (for example, age) that you think should or shouldn't be used in determining actuarial equivalence?

In general we agree with the proposed P7.1 and P7.5.

In our view, specific rating factors do not need to be listed in the provisions themselves, as most of these are likely to depend on scheme circumstances and should be left to actuarial judgement. However, it may be useful for a list of likely material rating factors to be listed. These might also potentially be provided in separate guidance by TPR.

We also note that some factors that generally lead to cross subsidies may be more acceptable for not-for-profit CDC schemes, where certain levels of cross subsidies between employers may already be the normal practice; and less acceptable to commercial CDC schemes, where proprietors may wish to minimise selection risks between different employers. The frequency of reviewing what material rating factors should be used when calculating accrual rates may therefore be very different for different types of CDC schemes. We suggest that this should be permissible, and the TAS provisions should make this clear.

2: What are your views on provisions P7.2 and P7.6? Are there any other issues relating to the choice of method that should be communicated to intended users?

We agree that it is useful for trustees to understand that the cross-subsidies represented in a member-level actuarial equivalence test and in an employer-level test are likely to be different.

However, we do not think it is necessary for the level of cross-subsidies to be quantified, over and above the considerations that are already made in P7.1 and P7.5.

We note that there are also likely to be non-actuarial considerations in choosing either the member-level or the employer-level test, and quantifying the level of cross-subsidies may not help with decision-making on this choice in most cases. We also expect this advice will only be useful at the scheme design stage, or if the proprietor or trustees wish to change the test used.

3: What are your views on provisions P7.3 and P7.7? What other considerations are there in the choice of relevant period?

We appreciate the flexibility provided in the current drafting.

P7.3(c) and P7.7(c) requires the actuary to set out circumstances under which accrual rate may need to change. This needs to be balanced with short term views and short-term market movements, and the need to notify members of the new rates. The shorter the relevant period the less likely such movements would affect cross-subsidisation. With any particular circumstance, it is also likely to be more important to review the accrual rates if the next scheduled review is further away, than if the relevant period will shortly come to an end.

Situations where a change is needed may be unforeseeable, and if a list of circumstances is provided this may create false expectations. We also suggest that, instead of setting out the circumstances that the accrual rates may need to change, it would be more useful for trustees to understand the circumstances when the accrual rates should be reviewed.

The UMES regulations only requires the relevant period to be "such period as is agreed by the trustees of the scheme and the scheme actuary over which the rates at which the rights to benefits under the scheme accrue are expected to be applied." It appears that there is no restriction on how frequently this relevant period may change. The relevant period is also not mentioned in the Regulator's draft Code of Practice. We agree with the FRC that the relevant period is unlikely to be appropriate to be longer than one year. However, there may be circumstances where a one-off longer period may be appropriate, for example if a large employer is expected to join towards the end of the standard relevant period and an extension before the next review is helpful for administrative purposes. The draft provisions do not seem to prevent this; it may be useful if the FRC is able to provide some guidance on whether this is acceptable.

4: What are your views on provisions P7.4 and P7.8? Are there any other areas where you expect a difference between the assumptions for actuarial equivalence and the actuarial valuation?

While we agree with the principle that assumptions for actuarial equivalence and assumptions for actuarial valuation should be consistent, we note there may be practical issues with the current drafting.

The requirement for the same assumptions if "carried out at that date": for example, if the relevant period is several months after the actuarial valuation, and in the meantime a new set of mortality projections have been published. Without analysing the new projections it may be impractical to confirm whether or not, and at what adjustment levels, they are suitable.

5: Do you agree with the proposal to extend the requirements of P3.1 to accrual rates? Please provide reasons for your answer and alternative approaches where relevant.

We agree with the extension for UMES. We note that accrual rates are fixed for single employer schemes and the addition to this provision should take this into consideration. We also note that the footnote may also need to refer to the UMES regulations.

Chapter 4: Actuarial factors

6: What are your views on the proposed new provisions P8.3 and P8.7? Do you believe the proposed changes create any additional requirements in relation to single employer CMP schemes? Please explain your rationale.

We agree with the principles set out in these provisions. We note that P8.7(a) should only require explanations of material differences between different approaches used to determine the actuarial factors, rather than different types of actuarial factors. For example, there are material differences between late retirement factors and transfer factors because they are for different purposes, and such explanations should not be required.

Chapter 5: Viability assessments

7: What are your views on the proposed changes to provisions in relation to viability assessments? Are there any other areas an actuary should consider in relation to soundness of a CDC scheme?

We agree with the addition of P5.1(d).

We suggest that P5.7 should include a time horizon. It may be expected that benefit adjustments will change when the scheme has been running as a closed scheme for some time, but such statements may not also be helpful for readers of the viability report.

Chapter 6: Other considerations

8: Are there any areas where additional guidance would be helpful? If so, please set out the specific areas and/or provisions where guidance may be helpful.

We expect examples of what are likely to be material rating factors, and what are unlikely to be material rating factors, would be helpful in guidance (please see our response to question 1).

9: Are there any further aspects of technical actuarial work you expect to be impacted by the introduction of UMESs regulations which are not adequately covered by the proposed changes to TAS 310? If so, please explain what they are.

We have no specific views on this at this time. However, as the market develops, there may be areas that are not yet anticipated and we recommend the FRC should be flexible in their approach to monitoring adherence to the TAS and update the TAS as necessary.

Chapter 7: Timing and implementation

10: What are your views on the proposal that the standard would be effective from 31 July 2026? Please set out any practical difficulties which you believe this might cause.

We agree it will be useful to have the standard effective from 31 July 2026. However, schemes are already preparing for authorisation in earnest and it will be useful for the final standard to be published as soon as possible, especially if there are substantial changes compared to the draft version.

Chapter 8: impact assessment

11: Do you agree with our impact assessment? Please give reasons for your response.

We agree with the FRC that the proposed changes would help promote quality technical actuarial work to support intended users to understand and make well-informed decisions.

We note that it may not be clear that the new provisions are only relevant for UMES schemes. For example, whilst “actuarial equivalence” is defined in the glossary as “to be in line with” the UMES regulations, it is possible to interpret this to mean single employer schemes are not necessarily excluded.

Who we are

LCP is a firm of financial, actuarial, and business consultants, specialising in pensions, investment, insurance, energy, health and business analytics. We have over 1,200 people in the UK, including over 190 partners and around 250 qualified actuaries. The provision of actuarial, investment, covenant, governance, pensions administration and benefits advice, and directly related services, is our core business.

About 80% of our work is advising trustees and employers on all aspects of their pension arrangements, including investment strategy. The remaining 20% relates to insurance consulting, energy, health and business analytics. LCP is authorised and regulated by the Financial Conduct Authority for some insurance mediation activities only and is licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

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