



VALUATOR PRACTISING CERTIFICATE REQUIREMENTS

Authority

Actuarial Society of South Africa - Professional Matters Board

Author

Actuarial Society of South Africa - Retirement Matters Committee

Please bring any issues with this note to the attention of:

- (a) the Retirement Matters Committee Chairperson, and
- (b) Niel Fourie – nfourie@actuarialsociety.org.za.

Status

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1. Background

Members of the Actuarial Society of South Africa who hold the following reserved roles must also hold a Valuator Practising Certificate (PC):

- Valuator of Defined Contribution Retirement Funds
- Valuator of Defined Benefit and Defined Contribution Retirement Funds
- Member of a Section 15K Tribunal ¹

Furthermore, it is recommended that members of the Actuarial Society of South Africa (Actuarial Society) who act in the following capacities hold a PC:

- Valuators outside South Africa in a jurisdiction where no local IAA member organisation is present that issues Practising Certificates except where members hold a suitable practising certificate issued by another IAA member organisation;
- Actuaries formally reviewing and reporting on the work of Valuator (e.g. peer review).

PCs demonstrate that the actuaries who hold them are in good standing based on the Actuarial Society's Code of Professional Conduct and have the necessary

¹ A Tribunal established in terms of Section 15K of the Pension Funds Act, 1956, as amended.

technical skills and experience to be a PC holder and potentially to carry out reserved work, thereby protecting the public interest.

The Code of Professional Conduct requires that members perform only those professional services for which the member is competent and appropriately experienced. Furthermore, it requires that members act honestly, with integrity, competence, and due care, and in a manner that fulfils the profession's responsibility to the public.

A public register of PC holders is maintained by the profession.

Valuator PCs are issued by the Actuarial Society on recommendation by the Retirement Matters Committee (RMC) of the Actuarial Society.

The Actuarial Society will only issue South African Valuator PCs to members employed by Registered Service Providers (RSP), or who are registered as RSP's themselves.

The PC is valid for four years.

2. Summary of requirements for first time applicants

To be awarded a PC the RMC must satisfy itself that the applicant:

1. Is a Fellow of the Actuarial Society of South Africa who qualified by examination or has been admitted under the terms of a mutual recognition agreement with another actuarial organisation;
2. Has not been found guilty of unprofessional conduct;
3. Has not been removed by any financial services regulator as not being fit and proper to act in another approved statutory role;
4. Has appropriate experience and expertise, as outlined in section 3 below;
5. Has complied with the Actuarial Society's CPD scheme for each of the last four years *. Records for the last two years should be included with the application where the applicant is on hours-based CPD. (* Work Based Skills records should be supplied where the applicant has complied with the CPD scheme for less than four years); and
6. For applications on the outcomes-based CPD scheme, a supporting statement by the applicant's diffraction partner (another professional person, mentor or coach) or reviewer as set out below and in Appendix C is required.

The applicant must demonstrate experience as follows:

1. Co-signed at least five statutory actuarial valuations submitted to the regulator. Applicants for a defined benefit and defined contribution practising certificate, must have co-signed at least five statutory **defined benefit** valuations, of at least three separate retirement funds.
2. Attestation in writing from a Valuator, with whom the applicant has worked closely, that in his or her opinion the applicant has the necessary knowledge, skills and experience to carry out the duties of a Valuator; and

3. Other evidence that the RMC in its sole discretion may deem acceptable.

The RMC (or a subcommittee thereof) should assess the application and if it approves it, request the Actuarial Society office to issue a Practising Certificate, including possible qualifications.

3. Assessing appropriate experience and expertise (first time applicants)

The RMC assesses experience and expertise by considering:

1. Basic experience requirements;
2. Responses to questions provided by the applicant; and
3. Attestation provided by another Valuator in support of the application.

To fulfil the basic experience requirements an applicant must have 5 years relevant* working experience, of which 1 year is post qualification experience, working with a Valuator.

At least one year relevant* working experience (obtained in the last three years) in the Republic of South Africa.

* "Relevant work" refers to the work that a Valuator or equivalent needs to perform for retirement funds in terms of the Pension Funds Act.

It is difficult to assess whether an applicant has appropriate experience and expertise by reviewing a written application. Consequently, it is important that applicants motivate their answers thoroughly. The RMC may also request further evidence in support of claims if this is deemed necessary.

The questions to which applicants are required to respond are listed in Appendix A.

Furthermore, the RMC places heavy reliance on the opinions provided by another Valuator with whom the applicant has worked for a period of at least one year. Members that act in this capacity are reminded that they have a professional duty to ensure that the applicant has the appropriate experience and expertise to act as Valuator or equivalent before they can support their application. The Valuator with whom the applicant has worked, must attest in writing that in his or her opinion the applicant has the necessary knowledge, skills and experience to carry out the duties of a Valuator.

The required statements to be made by the member providing the attestation are listed in Appendix B.

4. Requirements for PC renewal

A practising certificate needs to be renewed when a previously issued practising certificate reaches its expiry date.

To renew a PC the RMC must satisfy itself that the applicant:

1. Is a Fellow of the Actuarial Society of South Africa who qualified by examination or has been admitted under the terms of a mutual recognition agreement with another actuarial organisation; or
2. Has complied with the Actuarial Society's Continuous Professional Development (CPD) scheme for each of the years since the issue of the previous practising certificate. For applicants on hours-based CPD, records for the last two years should be included with the application. The applicant should also demonstrate the relevance of the CPD activities to maintaining appropriate skills to practise as a Valuator. For applications on the outcomes-based CPD scheme, a supporting statement by the applicant's diffraction partner or reviewer as set out in Appendix C is required;
3. Has not been found guilty of unprofessional conduct;
4. Has not been removed by any financial services regulator as not being fit and proper to act in another approved statutory role; and
5. Has appropriate recent Valuator experience and expertise.
6. Has signed, co-signed or peer-reviewed at least three statutory actuarial valuations submitted to the regulator during the previous approved period. In the case of peer-reviews, a letter from the signing Valuator is required to confirm that the actuarial valuation has been peer reviewed by the Valuator applying for renewal unless the name of the Valuator applying for renewal appears in the applicable report, designated as the peer-review actuary. Valuators applying for renewal of a defined benefit and defined contribution practising certificate, must have signed, co-signed or peer-reviewed at least three statutory defined benefit valuations.
7. Other evidence that the RMC in its sole discretion may deem acceptable.

The RMC (or a subcommittee thereof) should assess the application for renewal and if it approves it, request the Actuarial Society office to issue a Practising Certificate.

5. Compliance with the Actuarial Society's CPD scheme

The Society permits both an hours-based and outcomes-based approach to CPD.

Hours-based CPD

The hours-based approach will be accepted for all periods for which the Actuarial Society continues to allow this CPD approach. In this case, records of verifiable and development hours should be provided for the relevant periods. For hours-based CPD, the applicant should also include a comment explaining the relevance of the CPD experience and what he/she has done to maintain and develop relevant skills for the role of the Valuator.

Outcomes-based CPD

The outcomes-based CPD approach will be accepted and the requirements listed below should be noted.

The diffraction partner should have sufficient experience and be able to assess whether development plans are appropriate and relevant to the work of the Valuator.

If the diffraction partner is not a Valuator then a statement by a reviewer that is a Valuator is required in addition to the diffraction partner statement.

The required statements by the diffraction partner and reviewer are included in Appendix C.

6. Appeals process

A member who has had their application (initial or renewal) for a PC turned down by the RMC has the right to take the matter to appeal.

It is hoped that the member can in the first instance find reason to accept the RMC's decision, after providing all information requested by the RMC, or provide further evidence that enables the RMC to approve the application. The RMC will provide written reasons for the refusal of every application.

Before entering the appeals process the applicant may first wish to speak with either the Chair of the practising certificate sub-committee of the RMC to better understand the reasons why the application was turned down. If the applicant believes that there are grounds for appeal then he/she should contact the Chair of the Professional Matters Board in writing within 30 days from the date the application was turned down to enact the profession's appeals process. A body will be formed to hear the appeal within the terms of the PC Scheme. Such body will be independent of the RMC, with no overlap of membership with the RMC.

APPENDIX A

FIRST TIME APPLICANT STATEMENT

The applicant should indicate whether he or she had exposure to the following areas of work relevant to Valuator (either taking responsibility for producing the work or reviewing other actuaries' work) and describe the work done in support of the answer:

1. Assessing or advising on the financial soundness of a retirement fund.
2. Determining or reviewing the sufficiency and quality of data used, and the appropriate bases and methodologies used in actuarial calculations.
3. Analysing the change in financial condition of a retirement fund
4. Advising on the distribution of surplus to stakeholders
5. Advising on the appropriateness of the reinsurance arrangements.
6. Analysing the asset liability matching and certifying the suitability of the investment strategy.
7. Reporting on the results of his or her work or the work of other actuaries and advising trustees of retirement funds.
8. Analysing the risks to which a retirement fund is exposed.
9. Advising on the measurement, management and mitigation of such risks.
10. Any other areas of work that he or she believes could be relevant to their application (for example, Section 14 transfers, valuation exemptions etc.).

Valuators are involved in many aspects of retirement funds. The applicant should demonstrate on the application form that they have gained recent experience in a number of these relevant areas during a period of at least 3 out of the last 5 years.

It is important to include in the application form:

1. description of the role(s) the applicant undertook (for example overseeing the whole statutory valuation and producing the valuation report vs undertaking the calculation of a component to feed into an overall valuation report).
2. the responsibilities of the role(s) undertaken (especially to outline the work for which the applicant was directly responsible and the communication thereof).
3. any regulatory/statutory role undertaken and/or direct interaction with the Financial Sector Conduct Authority or other regulators.

The RMC is looking for breadth and variety of experience in the application of advice in the relevant technical areas as well as depth of technical knowledge.

PC requirements

In addition to the responses above all applicants are required to certify that:

1. They have the necessary knowledge, skills and experience to carry out the professional duties required of a Valuator.
2. They have read and understand the Code of Professional Conduct.
3. They have read and understand the Actuarial Society of South Africa advisory practice notes and standards of actuarial practice relating to retirement funds.
4. They are fully aware of the obligations and duties of a Valuator.
5. They are employed by a Registered Service Provider (RSP) or are registered as an RSP themselves.
6. They have sufficient time and resources to act in the roles for which the PC will be used.
7. They have read and understand the applicable regulatory requirements such as the Pension Funds Act, other relevant Acts and regulations.

APPENDIX B

SUPPORTING VALUATOR STATEMENTS

The supporting Valuator should indicate whether, in his or her opinion, the applicant has had appropriate exposure to the areas of work listed in Appendix A (either taking responsibility for producing the work or reviewing the work of other actuaries or actuarial staff) and describe the work they have done while working closely with you.

APPENDIX C

OUTCOMES-BASED CPD: STATEMENT BY DIFFRACTION PARTNER (AND REVIEWER IF THE DIFFRACTION PARTNER IS NOT A VALUATOR)

Statement by diffraction partner

I have acted as the diffraction partner for [Applicant's name] from [date] to [date] and can confirm that:

- He/she has been fully compliant with the requirements of the outcomes-based CPD programme.
- For at least the past three years², the content of the outcomes-based CPD programme contained a significant amount of content that is relevant to the role of the Valuator of a Retirement fund.
- Future development plans contain a significant amount of content that is relevant to the role of a Valuator.

Statement by reviewer (If the diffraction partner is not a Valuator, then a statement by a reviewer that is a Valuator is required.)

I hold a current Valuator Practising Certificate and confirm that I am familiar with the responsibilities of the Valuator of retirement funds as well as the content of relevant actuarial guidance applicable to retirement funds. While I have not acted as the diffraction partner for [Applicant's name] I have discussed [Applicant's name] plans of the past three years as well as future development areas and can confirm that:

- He/she has been fully compliant with the requirements of the outcomes-based CPD programme.
- For at least the past three years¹, the content of the outcomes-based CPD programme contained a significant amount of content that is specifically relevant to role of Valuator.
- Future development plans contain a significant amount of content that is specifically relevant to role of a Valuator.

² Or period for which certification is given during the transition period to outcomes-based CPD