

Joint FMG and Pensions Institute Conference

UK Pension Fund Management: How Is Asset Allocation Influenced by the Valuation of Liabilities?

Monday 15 January 2001, 9.00am – 1.15pm followed by a buffet lunch
Vera Anstey Room, London School of Economics, Houghton St, London WC2A 2AE

Currently, there are a number of different approaches to the valuation of UK pension fund assets and liabilities:

- Social security legislation prescribes one method (the MFR and its recently proposed amendments designed by the Faculty and Institute of Actuaries)
- Accounting takes a different viewpoint (the new FRS on retirement benefits based on FRED20)
- And financial economists have other methods.

This half-day conference will examine these different methods and explore the possibility of moving towards a uniform approach.

The asset allocation of pension funds is influenced by the method of liability valuation and in particular the discount rate used. Agreement on the factors determining the selection of the discount rate would be a major step forward in rationalising pension fund management and removing some of the present inconsistencies.

The recent changes proposed by both the Faculty and Institute of Actuaries and the Accounting Standards Board are said to have encouraged a switch into bonds. Some commentators argue that pension funds should only be invested in bonds and that companies should not take risks with their shareholders' capital by having their pension funds invest in equity.

Yet the Myners review of institutional investment is concerned about there being insufficient investment in venture capital and SMEs by pension funds. And other commentators point to the great success story that equity has been for UK pension funds over the last 40 years and argue that any further moves towards bond investments would merely accelerate the switch towards defined contribution schemes.

Corporate finance directors are focusing more on their pension funds – they have been influenced by the introduction of the MFR in 1997 and now by the introduction of FRS17. As pension schemes mature, the liabilities become a more visible potential problem.....

Conference Programme - Monday 15 January 2001

9.00am - 9.15am	Registration
9.15am - 9.20am	Introduction – Professor Charles Goodhart (FMG/LSE)
9.20am - 10.20am	Professor David Blake (Director, Pensions Institute, Birkbeck College) <i>"A View From A Financial Economist"</i>
10.20am - 10.50am	Peter Tompkins (Chairman, Pensions Board, Faculty and Institute of Actuaries) <i>"A View From The Actuarial Profession"</i>
10.50am - 11.10am	Tea/Coffee Break
11.10am - 11.40am	Tim Gordon (Bacon and Woodrow) <i>"A View From The Actuarial Profession"</i>
11.40am - 12.10pm	Anne McGeachin (Project Director on Pensions, Accounting Standards Board) <i>"A View From The Accounting Profession"</i>
12.10pm - 12.40pm	Alastair Ross Goobey (Chief Executive, Hermes Pensions Management) <i>"A View From The Pension Fund Industry"</i>
12.40pm - 1.15pm	General Discussion - Chaired by Professor David Webb (Director, FMG/LSE)

To register for this conference please detach and return this slip together with the conference fee of **£100.00** (**£35.00 Corporate Subscribers**, no charge to Sponsors, Academics or Students) by Monday 8 January 2001 to **The Conference Organiser, FINANCIAL MARKETS GROUP, London School of Economics, Houghton Street, London, WC2A 2AE (Tel: 020 7955 6301, Fax: 020 7242 1006).**

Alternatively visit the FMG website: <http://fmg.lse.ac.uk> where online registration is possible.

All cheques should be made payable to the "**London School of Economics**".

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Yes, I would like to attend "**UK Pension Fund Management**" conference on 15 January 2001. Please tick relevant box:

I have enclosed the conference fee of £

There is no fee as my company sponsors the FMG

I am an academic

I am a student

TITLE and NAME:

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