

Subject SA4

Corrections to 2021 study material

0 Introduction

This document contains details of any errors and ambiguities that have been brought to our attention in the Subject SA4 study materials for the 2021 exams. We will incorporate these changes into the study material each year. We are always happy to receive feedback from students, particularly details concerning any errors, contradictions or unclear statements in the courses. If you have any such comments on this course please email them to SA4@bpp.com.

You may also find it useful to refer to the Subject SA4 threads on the ActEd Discussion Forum. (You can reach the Forums by clicking on the 'Discussion Forums' button at the top of the ActEd homepage, or by going to www.acted.co.uk/forums/.)

This document was last updated on **27 November 2020**.

1 Assignments

Assignment X4 Questions

Question 3

The actuarial liability of the deferred pensioners at the current valuation should be given as 90m (not 100m).

Assignment X4 Solutions

Question 3(i)

Assumptions

The final point should read;

The total surplus at the current valuation is $570m - 300m - 90m - 190m = (10)m$. [½]

Salary increases

The penultimate point should read;

So that the total salary item is $(8.6)m + 0.9m = (7.7)m$ [½]

Final page

Page 18 should then read;

Hence we have:

Surplus brought forward	46.3m	
Investment returns	(26.6)m	
Salary increases	(7.7)m	
Contributions	(5.2)m	
Pension in payment increases	(18.8)m	
<u>Pension in deferment increases</u>	<u>0m</u>	
Total	(12.0)m	[1 for summary]

These items total to an expected deficit of 12m, compared with an actual deficit of 10m. [½]

We do not have enough information to analyse the sources of the remaining 2m although it appears that we are close enough not to further refine the calculations. [½]

[Maximum 9]