



### Extracts (suitably amended) from President's Newsletters – PS50

#### **April 2014: *application of PS50 Investment Advice***

On 1 July 2013, PS50 “Investment Advice” became effective. The Standard was introduced to provide a framework within which actuaries should operate when providing Investment Advice. This has given rise to some questions around the degree of overlap and/or applicability in relation to some other Professional Standards, and in particular PS40 (Actuarial Reporting for Superannuation Schemes), PS31 (General Insurers Financial Condition Reports) and PS21 (Life Insurers Financial Condition Reports).

As it currently stands, however, the position is quite clear. Where a member is providing Investment Advice (as defined in PS50), the requirements of PS50 apply irrespective of whether that advice is given in the context of another Professional Standard or not. However, where a member is not providing advice, but is simply commenting on or stating a position of fact, albeit relating to investment matters, then Investment Advice is not being provided and PS50 does not apply.

PS40 calls for a judgement on whether the investment strategy is appropriate. This judgement meets the definition of Investment Advice and, as such, members are required to abide by PS50.

PS31 and 21 are more specific in their requirements. The strict requirements do not appear to require the provision of Investment Advice and, as such, PS50 would not apply. However, if the member is to go beyond the specific requirements set out, then the member will need to consider whether they have provided Investment Advice – if they have, PS50 will apply. For example, should the member choose to comment on the appropriateness of the investment strategy, this would be considered Investment Advice.