



# **LFRTLSC: Draft Target Surplus Discussion Note**

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## Background

- Discussion note to be developed to provide some guiding considerations
- Not prescriptive, but covering points to consider for practitioners considering the issues
- Currently a DRAFT for discussion and feedback



## Aim of Session

- To gather feedback

## Overview of Note

- Background
- Definitional Points
  - What is Target Surplus?
  - What is Target Surplus policy?

## Issues for Consideration

- Assessing level of target surplus
  - Time horizon
  - Benchmark
  - Tolerance for breaches
  - Stakeholder management
  - Interaction with other measures
  - Use of ranges of acceptable outcomes

## Issues for Consideration (cont'd)

- Modelling Issues
  - Identification and assessment of risks
  - Quantification methodology
  - Tail issues
  - Allowance for correlation
  - Assessment of plans for dealing with adverse scenarios

## Issues for Consideration (cont'd)

- Moving Forward
  - Frequency of assessment of position and triggers for review
  - Frequency of review of assessment of target?
  - Ranges of acceptable outcomes
  - Review of policy
  - Assessment of consistency of management actions over time



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# Discussion





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