

ACTUARIAL STANDARDS BOARD QUARTERLY REPORT FOR Q2 2015

ASB Adopts Revision of ASOP No. 34

The Actuarial Standards Board (ASB) adopted a revision of actuarial standard of practice (ASOP) No. 34, *Actuarial Practice Concerning Retirement Plan Benefits in Domestic Relations Actions*. The revised ASOP applies to actuaries when performing actuarial services in connection with the measurement, allocation, or division of retirement plan benefits in domestic relations actions. The ASOP is not applicable to actuarial services performed in connection with other post-employment benefits, such as medical benefits, that may also be considered as part of the domestic relations action. Key changes from the 1999 version of ASOP No. 34 include modifications to the guidance to state that each assumption selected by the actuary should be individually reasonable and consistent with the other assumptions selected by the actuary, in accordance with ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, and ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*, and to require disclosure of a brief description of the rationale for selection of assumptions and allocation methods. The revised final ASOP will be effective for relevant assignments for which the actuary is first engaged on or after December 1, 2015.

ASB Adopts Pending Draft ASOP on Principle-Based Reserves for Life Products

The ASB adopted a pending draft of an ASOP on *Principle-Based Reserves for Life Products*. The ASOP provides guidance to actuaries when performing actuarial services in connection with developing or opining on principle-based reserves for life insurance that are reported by companies in compliance with the National Association of Insurance Commissioners (NAIC) Standard Valuation Law and the NAIC Valuation Manual as adopted in December 2012. Because the standard involves compliance with a regulation that has not yet taken effect and may undergo substantial changes before it takes effect, the standard will remain in draft form until the Valuation Manual is adopted. When the Standard Valuation Law and thus the Valuation Manual describing the principle-based reserves for life products take effect, the standard will be released or, possibly, modified and re-exposed, as further changes may be necessary.

ASB Holds Hearing on Public Pension Input

The ASB held a public hearing at the Reagan Building and International Trade Center in Washington, D.C., to hear commentary on public pension plan issues as they relate to Actuarial Standards of Practice. Several actuarial and pension experts shared their concerns on the funding of public plans and how ASOPs should address public plan funding. The panel, which consisted of ASB members and a Board-appointed Pension Task Force, welcomed the feedback received from the presenters and will use it to continue deliberations in this area.

ASB to Meet September 15-16 in Washington

The next regularly scheduled meeting of the ASB will be held September 15-16, 2015, at the Academy offices in Washington, D.C.