



ACTUARIAL STANDARDS BOARD

• EXPOSURE DRAFT •

**Proposed Repeal of
Actuarial Standard of Practice No. 2**

**Recommendations for Actuarial Communications Related to
Statements of Financial Accounting Standards Nos. 87 and 88**

**Comment Deadline
November 30, 2010**

**Developed by the
Pension Committee of the
Actuarial Standards Board**

**Approved for Exposure by the
Actuarial Standards Board
September 2010**

(Doc. No. XXX)

EXPOSURE DRAFT—September 2010

T A B L E O F C O N T E N T S

Transmittal Memorandum	iii
Appendix	1

EXPOSURE DRAFT—September 2010

September 2010

TO: Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Persons Interested in Actuarial Communications Related to Measuring Pension Obligations and Determining Pension Plan Costs

FROM: Actuarial Standards Board (ASB)

SUBJ: Proposed repeal of Actuarial Standard of Practice (ASOP) No. 2

This document is an exposure draft of a proposed repeal of ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*. Please review this exposure draft and give the ASB the benefit of your comments and suggestions. Each written response and each response sent by e-mail to the address below will be acknowledged, and all responses will receive appropriate consideration by the drafting committee in preparing the final document for approval by the ASB.

The ASB accepts comments by either electronic or conventional mail. The preferred form is e-mail, as it eases the task of grouping comments by section. However, please feel free to use either form. If you wish to use e-mail, please send a message to **comments@actuary.org**. You may include your comments either in the body of the message or as an attachment prepared in any commonly used word processing format. Please include the phrase “ASOP No. 2 Repeal” in the subject line of your message.

If you wish to use conventional mail, please send comments to the following address:

ASOP No. 2 Repeal
Actuarial Standards Board
1850 M Street, Suite 300
Washington, DC 20036

Deadline for receipt of responses in the ASB office: **November 30, 2010**

Background

ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*, was issued by the Interim Actuarial Standards Board in 1987 in response to the promulgation of what were then known as Statements of Financial Accounting Standards Nos. 87 and 88. The methodology in those accounting statements was controversial at that time and the profession needed guidance as to how to respond. The ASOP is quite short and has only two requirements.

The Pension Committee of the ASB has reviewed ASOP No. 2 and compared its six sections to ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. The Committee concluded that ASOP No. 2 was redundant with ASOP No. 4, and

EXPOSURE DRAFT—September 2010

that it should be repealed to eliminate the redundancy and avoid unnecessary confusion or misunderstanding.

The ASB reviewed this proposed repeal at its September 2010 meeting and approved its exposure.

Pension Committee of the ASB

Gordon C. Enderle, Chairperson

Mita D. Drazilov, Vice Chairperson

C. David Gustafson

Alan N. Parikh

Fiona E. Liston

Timothy A. Ryor

Thomas B. Lowman

Judy K. Stromback

Tonya B. Manning

Frank Todisco

A. Donald Morgan

Actuarial Standards Board

Albert J. Beer, Chairperson

Alan D. Ford

Patricia E. Matson

Patrick J. Grannan

Robert G. Meilander

Stephen G. Kellison

James J. Murphy

Thomas D. Levy

James F. Verlautz

The ASB establishes and improves standards of actuarial practice. These ASOPs identify what the actuary should consider, document, and disclose when performing an actuarial assignment.

The ASB's goal is to set standards for appropriate practice for the U.S.

EXPOSURE DRAFT—September 2010

Appendix

Note: This appendix is prepared for informational purposes only.

The Pension Committee prepared the following grid highlighting sections of the current ASOP No. 2 as a cross reference to ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, to reflect where appropriate actuarial guidance already exists for the related item or where the item would have been considered educational material and, therefore, not included in any proposed revision other than possibly an appendix.

Current Section		Reference to ASOP No. 4
1	Background	Educational
2	Scope	Educational
3	Existing Standards	Educational
4	Disclosure	Section 4.1(a)
5	Disclosure of Exceptions	Section 4.2(a)
6	Sample Disclosure	Educational