

Comment #6 – 8/29/13 – 11:31p.m.

I have one comment for the second exposure draft of ASOP No. 6.

Section 3.17 a concludes with the sentence “A reasonable actuarial cost method will not produce a normal cost for benefits when no employees are accruing benefits under the plan.” Taken literally, this implies that if all active employees have satisfied the conditions to receive retiree medical benefits (i.e., they are “fully accrued”) but have not yet retired, there should never be any normal cost. This does not seem consistent with the first paragraph of 3.17 a which allows for spreading normal costs to the last retirement age. There are circumstances (e.g., GASB Nos 43 and 45) where reasonable actuarial cost methods currently do allow normal cost in this circumstance. I suggest clarifying the wording on this last sentence or striking it.

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