

**Comments on the Exposure Draft of the Proposed
Revision of Actuarial Standard of Practice Number 35
Selection of Demographic and Other Noneconomic Assumptions for
Measuring Pension Obligations**

January 31, 2014

The Actuarial Standards Board

The American Society of Pension Professionals & Actuaries (ASPPA) and the ASPPA College of Pension Actuaries (ACOPA) appreciates this opportunity to comment on the exposure draft of the Proposed Revision of Actuarial Standard of Practice Number 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations.

ASPPA is a national organization of more than 17,000 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ASPPA members are retirement professionals of all disciplines, including consultants, investment professionals, administrators, actuaries, accountants and attorneys. All credentialed actuarial members of ASPPA are members of ACOPA, which has primary responsibility for the content of comment letters that involve actuarial issues.

ACOPA appreciates the committee's efforts to align this standard with ASOP 27, including more clarity in Section 1.2 that nondiscrimination testing is not within the scope of the standard. Some minor modifications to the proposed revisions would be helpful in clarifying the application of the standard to small defined benefit plans:

- **Section 3.3.5.a** The examples in the current Section 3.3.5.a are still appropriate for the proposed revised Section 3.3.5.a, and clarify that a single retirement age may be appropriate for small plans. *ACOPA recommends* that the following statements from the current Section 3.3.5.a be added to the proposed revision:

“For example, a reasonable retirement assumption for a plan with a large number of retirements expected to occur at different ages should generally be a set of decrements at a variety of ages instead of at a single age. On the other hand, in a plan with a small number of expected retirements, it may not be possible to model experience any better using rates that vary by age than by using a single age. As a second example, for a plan where a significant portion of the liability is attributable to a single individual, a single retirement age may be appropriate.”

- **Sections 4.1.2 and 4.1.3.** Sections 4.1.2 and 4.1.3 require disclosure of the rationale for choosing or changing assumptions. Section 4.4 indicates that nothing in the standard is intended to require the actuary to disclose confidential information. Assumptions, or a change in assumptions, may be based on confidential information. This is particularly true for the assumed retirement age for a small plan where a significant portion of the liability is attributable to one or two individuals and where the assumption may be based on confidential information regarding the owner's personal retirement plans. *ACOPA recommends* that Sections 4.1.2 and 4.1.3 specifically permit reference to a non-public document for an explanation of the rationale. This would allow the actuary to demonstrate compliance with this standard in the report while not divulging confidential information.

This letter was prepared by the ASOP Task Force of the ACOPA Intersocietal Committee, Richard A. Block, Chair. If you have any questions, please contact Judy Miller, Executive Director of ACOPA, at (703) 516-9300 ext. 152.

Thank you for your consideration of these comments.

Sincerely,

/s/
Thomas J. Finnegan, MSPA, President
ASPPA College of Pension Actuaries

/s/
Judy A. Miller, MSPA, Executive Director
ASPPA College of Pension Actuaries

/s/
Lynn Young, MSPA, President-Elect
ASPPA College of Pension Actuaries

/s/
Richard A. Block, MSPA, Chair
ASOP Task Force