



## ACTUARIAL STANDARDS BOARD

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

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

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

**Repealed by the  
Actuarial Standards Board  
March 2011**

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**(Doc. No. 121)**

***Note: Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88, which was formerly labeled ASOP No. 2, was repealed on March 14, 2011 and does not apply to actuarial communications issued after that date. Nonguaranteed Charges or Benefits for Life Insurance Policies or Annuity Contracts, which was formerly known as ASOP No. 1, has been renumbered as ASOP No. 2 effective March 21, 2013, which is also the effective date of the new ASOP No. 1, Introductory Actuarial Standard of Practice.***

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March 2011

**TO:** Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Persons Interested in Employers' Accounting for Pensions

**FROM:** Actuarial Standards Board (ASB)

**SUBJ:** Repeal of Actuarial Standard of Practice (ASOP) No. 2

ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*, has been repealed by the ASB.

### Background

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

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

### Exposure Draft

The exposure draft of this repeal document was issued in September 2010 with a comment deadline of November 30, 2010. One comment letter was received. For a summary of the substantive issues and the reviewers' responses, please see appendix 2.

The Actuarial Standards Board thanks the respondent who commented on the repeal.

### Action

The ASB voted in March 2011 to repeal ASOP No.2 effective for actuarial communications issued on or after March 14, 2011.

Pension Committee of the ASB

Gordon C. Enderle, Chairperson

Mita D. Drazilov, Vice Chairperson

C. David Gustafson	A. Donald Morgan
Fiona E. Liston	Alan N. Parikh
Thomas B. Lowman	Judy K. Stromback
Tonya B. Manning	Frank Todisco

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.*

## Appendix 1

*Note:* This appendix is prepared for informational purposes only.

The Pension Committee prepared the following grid highlighting sections of the current ASOP 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 in an appendix.

<b>Current Section</b>		<b>Reference to ASOP No. 4</b>
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

## Appendix 2

### Comments on the Exposure Draft and Responses

The exposure draft of the repeal of ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*, was issued to the membership in September 2010 with a comment deadline of November 30, 2010. One comment letter was received. The ASB and Pension Committee carefully considered the comment received. The contents of the one comment letter are summarized below along with responses. The term “reviewers” in appendix 2 includes the Pension Committee and the ASB.

Comment	The commentator stated ASOP No. 2 and ASOP No. 4 have coexisted in their current form together since September 2007 without conflict, and suggested that period of time has not seen any unnecessary confusion or misunderstanding. In addition, the commentator stated that section 6 of ASOP No. 2 is not “educational” and has been used in practice countless times.
Response	The reviewers believe section 4 and section 5 of ASOP No. 2 are redundant with sections in ASOP No. 4 and are unnecessary. In addition, the reviewers disagree and believe section 6 of ASOP No. 2 is educational. The reviewers note that while many actuaries may have used the language in section 6, it does not change the nature of section 6.