

**Comment #2 – 7/24/14 – 10:13 p.m.**

I am a recently retired pension actuary concerned that in many cases our investment return assumptions were judged to be too aggressive hence resulting in underfunding emerging liabilities.

In my experience, this was generally not the case. Instead, underfunding often resulted from municipal sponsors failing to make scheduled contributions and or adopting exceptionally long term funding schedules. Some schedules such as over future working lifetimes of participating employees resulted in never funding liabilities.

Also, some municipal sponsors took the view that emerging liabilities would have to be dealt with by others in the distant future, so why not grant benefit improvements currently.

These are factors beyond an actuary's control, so the proposed ASOP should be crafted so as not to be used as a basis for blaming actuaries for unfortunate events resulting from sponsors' irresponsibilities.

Perhaps, upon reviewing actuarial valuation reports, sponsors should certify in writing that they fully understand the downside risks of their funding policies and failure to make contributions as scheduled.

Sincerely, Alex  
Sussman