Comment #3 – 7/25/14 – 9:05 a.m.

Here are my comments on this topic –

Public plan funding and associated actuarial valuations are less uniformly regulated than those of private sector pension plans. Actuaries may be asked by their principal to advise on funding levels. Is additional guidance needed, beyond that in the recently revised pension ASOPs, regarding appropriate public plan actuarial valuation practice to assist actuaries in performing their work and advising their principal? Why or why not?

1. I believe that additional guidance is needed since public plan funding is less regulated than private sector pension plans. A shortfall in a public plan could lead to tax revenue being raised, which is an event that I feel our profession has the duty to avoid.

3. I believe such guidance should take place within the existing ASOPs in order to achieve greater integration and consistency within our professional practices.

4. I think it is appropriate for the ASOPs related to public plans to be principles-based as opposed to rules-based.

5. I do not think the additional guidance should apply to non-public plans. I believe a higher standard of care is required for public plans, with their potential impact on tax-paying citizens.

Should the ASOPs require the actuary for public pension plans to perform additional, significant work (which would be incorporated in the guidance provided in the ASOPs) that is not requested by the principal if that work provides useful information to individuals who are not intended users?

6. Yes, I think that if an actuary identifies someone as relying on findings, then such party becomes an intended user, which leads to the performance of additional work. I do not think the higher standard should apply to non-public plans.

Thank you for allowing the actuarial community to comment.

Sincerely,

Kelly McKeethan FCAS, MAAA, CERA