

**Comment #2 – 12/18/14 – 3:30 p.m.**

This email presents my comments on the Proposed Revision of ASOP No. 34 Actuarial Practice Concerning Retirement Plan Benefits in Domestic Relations Actions.

I emphasize that these are my personal comments and do not necessarily reflect the views of my employer or of any of the actuarial organizations of which I am a member. I am an Enrolled Actuary, a Fellow of the Institute of Actuaries (London), A Fellow of the Society of Actuaries, and a Member of the American Academy of Actuaries.

I recommend deleting paragraph 3.3.8 or revising it to read:

Consistency with Best Interests of the Actuary's Client – The actuarial valuation should be reasonable and appropriate for the assignment. Unless otherwise prohibited, the actuary should use a process to select dates, methods, or assumptions that (a) represent the actuary's best estimate, (b) are reasonable, and (c) accommodate the actuary's understanding of any litigation position of the client. If the actuary is prevented from using processes consistent with (a), (b), and (c), the actuary should explain the restriction to the client and obtain the client's express permission to use a different process. The actuary should be prepared to explain the rationale for any selection process, regardless of if the actuary has or has not previously used it in the same jurisdiction.

Here are my reasons for suggesting deleting or replacing this paragraph.

Paragraph 3.3.3 c. notes that different types of allocation methods can produce significantly different results. As currently worded, paragraph 3.3.8 allows an actuary to choose the best allocation method for the actuary's first client in a jurisdiction, but requires the actuary to use the same allocation method for all future clients, even if the allocation method is detrimental to such later clients' best interests. Such restrictions impose a conflict of interest on every actuary whose current client would be better served by an actuary who is free to use a different process to select dates, methods, or assumptions from those previously selected by the actuary in the same jurisdiction, since the interests of the current client are in conflict with the interests of whichever earlier client set the standard for the process currently used by the actuary in the jurisdiction.

Other ASOPs adequately cover professional responsibility regarding the selection of assumptions and the use of methods. As currently worded, paragraph 3.3.8 unreasonably constrains an actuary from providing every client with the best actuarial services. Even if the ASB believes the wording does not unreasonably constrain an actuary, the paragraph provides no guidance beyond that already provided by other ASOPs that cover those topics. No ASOP should include wording that duplicates guidance found in another ASOP.

I have no objection to the ASB replacing paragraph 3.3.8 with one that reminded actuaries of the guidance on selection of dates, methods, and assumptions found in other ASOPs, providing the wording refrains from suggesting that a process already used (by the actuary) in a jurisdiction deserves more deference than any other process.

Best Wishes  
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