Appendix

Comments on the Second Exposure Draft and Responses

The second exposure draft of this revision of ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, was issued in December 2012 with a comment deadline of May 31, 2013. Thirteen comment letters were received, some of which were submitted on behalf of multiple commentators, such as by firms or committees. For purposes of this appendix, the term "commentator" may refer to more than one person associated with a particular comment letter. The Pension Committee carefully considered all comments received, and the ASB reviewed (and modified, where appropriate) the proposed changes.

Summarized below are the significant issues and questions contained in the comment letters and the responses to each.

The term "reviewers" includes the Pension Committee and the ASB. Unless otherwise noted, the section numbers and titles used below refer to those in the second exposure draft.

GENERAL COMMENTS	
Comment	Most commentators supported the practice of bolding defined terms and indicated that it increased the readability of the standard. One commentator indicated that it was distracting. One commentator suggested the use of hyperlinks instead of bolding.
Response	The reviewers agree with the commentators who supported bolding and retained the style. The use of hyperlinks is being considered by the ASB for future ASOPs.
Comment	One commentator expressed the desire that the actuarial profession should seek to move its ASOPs closer to "best practice," which would seem to be a higher standard than the "appropriate practice" described in ASOP No. 1.
Response	The reviewers note that, as described in ASOP No. 1, the ASB establishes standards of appropriate practice.
Comment	Several commentators suggested that finalization of ASOP No. 4 be delayed until ASOP No. 6 is finalized.
Response	The comment period for ASOP No. 6 has expired. Language in ASOP Nos. 4 and 6 is being coordinated. In finalizing ASOP No. 4, the reviewers considered the comments on ASOP No. 6.
Comment	One commentator suggested that the reviewers re-examine all the guidance in ASOP No. 4 in light of issuance of the guidance issued in ASOP No. 1, *Introductory Actuarial Standard of Practice*, particularly with respect to use of the terms of construction such as "should," "should consider," etc.
Response	The reviewers agree and made changes throughout the document to make it consistent with the terms of construction in ASOP No. 1.

Comment	One commentator expressed concern about the coordination of guidance between ASOP Nos. 4, 6, and 27. The commentator noted that all three ASOPs were under review at the time and suggested that the ASB take more time to coordinate guidance on assumptions for pension and retiree group benefits actuarial work.
Response	The reviewers appreciate the concern but feel that the guidance in ASOP No. 4 is appropriate. Considerable time has been spent coordinating the three standards, but the reviewers feel that value gained by spending more time to restructure the standards does not outweigh the value lost by further delaying updated guidance.
Comment	One commentator suggested that the term “liability” should only be used when market-consistent assumptions are used for the measurement.
Response	While the reviewers agree that the use of the term “liability” has created confusion regarding actuarial work products, the reviewers note that the term “liability” is used as part of a phrase—“actuarially accrued liability”—that is defined in the ASOP.
SECTION 1. PURPOSE, SCOPE, CROSS REFERENCES, AND EFFECTIVE DATE	
Section 1.1, Purpose	
Comment	One commentator suggested changing “performing professional services” to “rendering actuarial services” throughout the standard.
Response	The reviewers agree that “actuarial services” is the appropriate term and made this change throughout the standard.
Section 1.2, Scope	
Comment	One commentator suggested that, absent clarification that the purpose of the measurement is strictly for determining the impact on budgeting contributions, the ASOP should require that the actuary use the market value of benefits for the calculations anticipated by the actuarial services described in section 1.2(a) and the actuarial services described in section 1.2(e).
Response	The reviewers believe that market-consistent present value calculations can be appropriate for use in a wide range of measurement purposes, but that requiring this calculation would be inappropriate.
Comment	One commentator suggested changing “departs” to “deviates” in the final paragraph of this section.
Response	The reviewers note that this is commonly used language in the standards and made no change.
SECTION 2. DEFINITIONS	
Comment	Several commentators suggested that the term “plan obligations” should be defined as this term is used in the title of the standard and throughout the standard.
Response	The reviewers believe that the common understanding of this term is sufficient for the purposes of the standard and made no changes.
Comment	One commentator suggested adding a definition for the “aggregate cost method.”
Response	The reviewers note this term is only used in an example and believe that defining this commonly understood term would not improve the guidance provided in this standard.
Comment	One commentator suggested adding a definition of “plan” to section 2 and noted that the term “pension plan” was used occasionally in the ASOP.
Response	The reviewers note that in section 1.1. the term “plan” refers to a defined benefit pension plan and believe that further defining the term in not necessary. The reviewers adjusted language in section 1.1 to include “pension plan.”

Section 2.2, Actuarial Cost Method	
Comment Response	One commentator suggested that this definition should be modified to include the unit credit actuarial cost method. The reviewers believe the definition as written already includes the unit credit actuarial cost method. Therefore, no change was made.
Section 2.3, Actuarial Present Value	
Comment Response	One commentator suggested that the definition of "actuarial present value" make explicit reference to financial discounting, including the application of survivorship and discount rate assumptions. Another commentator suggested that the definition be revised to incorporate discounting. The reviewers believe the current language is sufficiently clear and made no change.
Section 2.4, Actuarial Present Value of Projected Benefits	
Comment Response	One commentator suggested that the definition be expanded to explicitly include open group models. The reviewers believe that the definition does not preclude open group models and, therefore, no change was necessary.
Comment Response	One commentator suggested that the definition be revised to incorporate discounting. The reviewers believe the current language is sufficiently clear and made no change.
Section 2.6, Amortization Method	
Comment Response	One commentator suggested that the definition of "amortization method" should not include the amortization period, and that the period over which the unfunded actuarial accrued liability is amortized should be defined separately. The reviewers believe the amortization period is appropriately part of the amortization method and did not make this change.
Section 2.7, Contribution	
Comment Response	One commentator indicated that the definition of contribution as a potential contribution determined by the actuary is contrary to the common meaning and potentially misleading. The reviewers agree and changed the term from "contribution" to "actuarially determined contribution" throughout this standard where appropriate.
Section 2.8, Contribution Allocation Procedure	
Comment Response	One commentator suggested that an asset valuation method and an amortization method be added as potential components of a contribution allocation procedure. Another commentator suggested that an output smoothing method (for example, a collar method that restricts the annual change in the contribution rate) be added as a potential component of a contribution allocation procedure or at least referred to in sections 3.14 and 4.1(k). Another commentator suggested that the "contribution allocation procedure" definition should be modified to accommodate other approaches such as direct smoothing or forecast valuations using funding targets. The reviewers added an asset valuation method, an amortization method, and an output smoothing method as potential components of a contribution allocation procedure in section 2.8. The reviewers believe the current language allows for a forecast valuation using funding targets to be a contribution allocation procedure.

Comment	One commentator suggested adding "(and sometimes referred to as a funding method)" to this definition because the term "funding method" is defined in IRS Regulations and is a commonly used term.
Response	The reviewers note that in practice the term "funding method" is often used synonymously with "contribution allocation procedure" and "actuarial cost method." The IRS defines "funding method" to have the same meaning as "actuarial cost method" as defined in ERISA. However, the definition of "actuarial cost method" in this standard differs from the definition of "actuarial cost method" in ERISA, because of the exclusion of "pay-as-you-go" as an actuarial cost method in this standard. Therefore, to avoid any confusion, the reviewers did not include the term "funding method" in the definition section of the ASOP.
Section 2.10, Cost Allocation Procedure	
Comment	One commentator suggested that an asset valuation method and an amortization method be added as potential components of a cost allocation procedure.
Response	The reviewers agree and made the change.
Section 2.11, Expenses	
Comment	One commentator suggested that the standard refer to expenses "paid directly" by the plan rather than "borne" by the plan to distinguish between investment expenses that are paid directly and indirectly. Another commentator expressed concern about using the word "expenses" in the definition and suggested alternative wording.
Response	The reviewers believe the recognition of indirect expenses inherent in investment returns may be appropriate. The reviewers also believe the current language, which is unchanged from earlier versions of ASOP No. 4, is sufficiently clear as is. The reviewers made no change to the language.
Section 2.14, Market Consistent Present Value	
Comment	One commentator suggested slight modifications to the definition to indicate less purity than the current definition suggests. One commentator felt the definition would generally exclude most liability measurements since some readers could interpret "consistent with the price" as "equal to the price."
Response	The reviewers agree and made a slight modification to the definition.
Comment	Two commentators suggested that the term "market value" was a more appropriate term than "market-consistent present value."
Response	The reviewers note that no uniformly-accepted definition of "market value" of liability exists in the pension actuarial community and believe that the term "market-consistent present value" is an appropriate term. The reviewers also note that "market value" may be considered a subset of "market-consistent present value."
Comment	One commentator felt the definition was based on the economic value model whereby market participants operate to eliminate arbitrage opportunities. The commentator stated that there is no evidence that market participants use the economic value model in evaluating the finances of companies that sponsor defined benefit plans and that the standard should not include a definition that has no market evidence to support it.
Response	The reviewers note that the definition points to market buyers and sellers without regard to any economic theory or model. The reviewers believe the definition is appropriate and made no change.

Section 2.18, Plan Provisions	
Comment	One commentator suggested that the standard define administrative practices and require the actuary to take reasonable measures to determine the existence of any administrative practices that could affect a measurement of pension obligations.
Response	The reviewers believe that the term "administrative practices" is well understood by pension practitioners and is clearly part of the definition of plan provisions. The reviewers made no change.
Section 2.19, Prescribed Assumption or Method Set by Another Party; and Section 2.20, Prescribed Assumption of Method Set by Law	
Comment	One commentator noted that sometimes the standard refers to assumptions "prescribed by" or "selected by" another party and suggested that the standard consistently use "set by" as this term is used in these definitions.
Response	The reviewers believe the existing language is sufficiently clear and made no change in response to this comment.
SECTION 3. ANALYSIS OF ISSUES AND RECOMMENDED PRACTICES	
Section 3.2, General Procedures	
Comment	One commentator suggested that this section be modified to explicitly require the actuary to select all three components of a cost/contribution allocation procedure (actuarial cost method, asset valuation method, and amortization method).
Response	The reviewers note that a cost/contribution allocation procedure may or may not include an asset valuation method and amortization method and, therefore, made a change to the stem of this section to indicate that the actuary should perform the general procedures listed, "as applicable."
Section 3.3, Purpose of the Measurement	
Comment	One commentator said that the term "market value assessment" in the list of examples of measuring pension obligations was unfamiliar and confusing.
Response	The reviewers believe this term is sufficiently clear and note that this example of a measurement purpose does not provide guidance. Therefore, no change was made.
Section 3.3.1, Anticipated Needs of Intended Users	
Comment	One commentator indicated that this section implied that the actuary should know what the needs of the principal are. The commentator suggested alternative wording by adding "to the extent such needs are known." Another commentator questioned the purpose of this section.
Response	The reviewers agree and have removed section 3.3.1.
Section 3.3.3, Risk or Uncertainty	
Comment	One commentator suggested that the reference to ASOP No. 41 was not helpful and should be deleted. Another commentator suggested that the guidance be expanded by requiring the actuary to consider whether risk or uncertainty should be addressed in the actuary's communication. The commentator suggested additional language to this effect.
Response	The reviewers changed the wording to more accurately describe the relationship between this section and the guidance in ASOP No. 41, but believe that the reference to ASOP No. 41 will be helpful to actuaries and retained it. The reviewers did not believe the additional language regarding the actuary's communication was necessary in this standard and made no change.
Section 3.4.2, Events After the Measurement Date	
Comment	One commentator suggested slightly modified language to this section.
Response	The reviewers agree and made the suggested change.

Section 3.4.3, Adjustment of Prior Measurement	
Comment Response	One commentator suggested changing the language in the second sentence from, “To determine whether adjustment is appropriate” to “To determine if an adjustment would produce a reasonable result.” The reviewers agree and made the change.
Section 3.5.3, Other Valuation Issues	
Comment Response	One commentator suggested that the reference to “plan provisions in which future benefits vary asymmetrically with future economic or demographic experience” was overly broad. Another commentator suggested the deletion of the two sentences beginning with “For example, if the purpose…” because they seemed educational and could be misinterpreted as recommended practice. Another commentator suggested alternative language for these two sentences. Another commentator stated that these two sentences were too specific and one-sided. The reviewers agree with the commentators and made changes to the section to better describe the intended scope and deleted the example in the two sentences.
Comment Response	Several commentators indicated that the change of control of a plan sponsor may prove to be a significant factor in the valuation, if the actuary has reason to believe a change in control is possible and should be included in examples of plan provisions that are difficult to measure. The reviewers agree and retained this item as an example in 3.5.3(d).
Section 3.7, Other Information from the Principal	
Comment Response	One commentator suggested changes to the wording to more appropriately describe the intended examples. The reviewers agree and made the suggested change.
Section 3.10, Measuring the Value of Accrued or Vested Benefits	
Comment Response	One commentator suggested that standard should restrict the actuary from using a risky discount rate to measure the present value of accrued or vested benefits unless such a measurement is prescribed. The reviewers believe that certain measurement purposes may require the use of a discount rate other than a risk-free discount rate and, therefore, made no change.
Section 3.11, Market-Consistent Present Values	
Comment Response	One commentator stated that the entire discussion of market-consistent present value measurements seemed to be inadequate and a little off-base. In addition, the commentator indicated that the importance given to market values of obligations in this second exposure draft was significantly diminished from earlier versions and suggested that such diminishment of guidance in this area continues the possibility of incurring significant professional reputational risk. Another commentator stated that the application of market-consistent present values to pension obligations is insufficiently developed for articulation of requirements relating to those calculations. The reviewers believe that the requirements of this section are appropriate and are sufficiently broad to encompass a wide range of evolving practice, and retained the section with minor changes.
Comment Response	One commentator said the reference to benefits being traded in an open market was too restrictive and suggested that additional, more general/vague concepts be included in the ASOP. The reviewers believe that the guidance provides room for the actuary to apply professional judgment and made no change. The reviewers note that the revised guidance in ASOP No. 27 includes some of the concepts requested by this commentator.

Comment	One commentator noted that lump sum interest rates and annuity purchase rates are uncorrelated with a plan sponsor's credit rating and, therefore, the financial health of a plan sponsor should not affect a market-consistent present value. One commentator suggested that this section should require that the market value of pension cash flows be consistent with the value of market traded cash flows (for example, bonds, strips, swaps) that are similar to the pension cash flows in amount, timing and probability of payment. The commentator indicated that the actuary should (not "may" as proposed in the exposure draft) "consider how benefit payment default risk or the financial health of the plan sponsor affects the calculation." In addition to the credit-worthiness of the party or parties obliged to make good on the pension promise, the commentator suggested that a valuation needs to reflect (a) collateralization from segregated plan assets, and (b) that pension payments may have a de facto higher standing in bankruptcy than unsecured unfunded pension liabilities.
Response	The reviewers note that market-consistent measurements can serve several measurement purposes, only one of which is determining the present value of a settlement through lump sums or estimating the cost of an annuity. The guidance states that the actuary may consider how the sponsor's financial health affects the calculation. The reviewers believe the guidance provides the actuary with enough flexibility to treat a sponsor's financial health in a manner consistent with the purpose of the measurement and made no change.
Comment	One commentator suggested softening the guidance by indicating that if an actuary calculates a market-consistent present value, the actuary "should consider doing the following" rather than "should do the following."
Response	The reviewers believe that the current language provides reasonable guidance for calculation of market-consistent present values.
Comment	One commentator read section 3.11(b) as implying that a market value calculation only applies to an accrued benefit-type cash flow (for example, accumulated benefit obligation (ABO)). The commentator wanted to know if this was intended by the drafters of the standard.
Response	The reviewers intend that market-consistent present values only reflect benefits earned as of the measurement date; the benefits valued in an ABO measurement are one example of benefits earned as of the measurement date.
Section 3.13, Actuarial Cost Method	
Comment	One commentator suggested changing "last assumed retirement age" to "last assumed retirement date."
Response	The reviewers did not believe that this proposed change significantly improved the longstanding language included in prior versions of ASOP No. 4 and made no change.
Comment	One commentator stated that administrative expenses are rarely correlated to investment returns and, therefore, should not be reflected in the investment return assumption.
Response	The reviewers believe the treatment of administrative expenses described in the standard may be appropriate in some circumstances and left this language unchanged.
Comment	One commentator suggested combining the last two sentences of section 3.13(c) and suggested alternative wording.
Response	The reviewers did not believe that this proposed change significantly improved the existing language and made no change.
Section 3.14.1, Consistency Between Contribution Allocation Procedure and the Payment of Benefits	
Comment	One commentator suggested changing "may not necessarily produce" with "may not be expected to produce."
Response	The reviewers agreed that the suggested wording more accurately described the intended meaning and made the suggested change.

Comment Response	One commentator argued that an impractical burden is imposed on the actuary by the requirement for disclosure when in the actuary's professional judgment, a contribution allocation procedure prescribed by law or selected by another party is significantly inconsistent with accumulation of sufficient assets to pay benefits when due, and the requirement should be deleted. The reviewers believe that this longstanding disclosure requirement is an important responsibility of a pension actuary and the requirement was retained.
Comment Response	One commentator requested that a definition of the term "when due" be added. The reviewers believe this concept is sufficiently clear and made no change.
Section 3.14.2, Implications of Contribution Allocation Procedure	
Comment Response	One commentator argued that this section should be deleted because of potential ambiguity about the funding policy to be evaluated, and because the required assessment may be burdensome. The reviewers agree that sponsor funding policies may be ambiguous. The reviewers note that the actuary is required to disclose the material characteristics of the contribution allocation procedure or plan sponsor's funding policy used in the assessment of a contribution allocation procedure. The reviewers believe that this qualitative assessment is appropriate and made no change.
Comment Response	Another commentator suggested language to clarify the use of anticipated contributions set in law or by a contract accommodate the situation where the funding policy is not known. The reviewers agree and made changes to the language in section 3.14.2 to clarify that contributions set by law or by a contract constitute a funding policy.
Section 3.16, Volatility	
Comment Response	One commentator felt that the example in 3.16(e), describing rising or falling costs as a result of using a particular actuarial cost method for the plan population, was an example of expected change but not of volatility. The reviewers believe that this section includes all sources of volatility including expected changes, and made no change.
Comment Response	One commentator suggested adding "as appropriate" to the requirement to maintain internal consistency among assumptions. The reviewers agree that latitude should be given to the actuary's professional judgment in analyzing potential variations and made the suggested change.
Section 3.17, Evaluation of Assumptions and Methods	
Comment Response	One commentator suggested deleting the word "material" from this paragraph and stated that the actuary should identify the party responsible for all assumptions, regardless of their likely materiality. The reviewers note that section 2.6 of ASOP No. 1 provides that "The guidance in ASOPs need not be applied to immaterial items," and made no change.
Section 3.17.1, Prescribed Assumption or Method Set by Another Party	
Comment Response	One commentator suggested deleting the reference to Precept 8 and suggested alternative wording for the last sentence. The reviewers note that both the reference to Precept 8 and the current wording of the last sentence are found in the current version of ASOP No. 4. The reviewers believe the reference to Precept 8 remains appropriate. The reviewers do not believe that the proposed change significantly improves the language included in the current version of ASOP No. 4, and made no change.

Section 3.17.3 Inability to Evaluate Prescribed Assumption or Method	
Comment Response	One commentator requested deletion of "a substantial amount" because the expansion of the actuary's assignment should be left to the discretion of the actuary and the principal. The reviewers believe the actuary should use professional judgment to determine what constitutes a substantial amount of additional work based on the scope of the assignment and made no change.
SECTION 4. COMMUNICATIONS AND DISCLOSURES	
Comment Response	One commentator said that the standard should require the actuary to disclose a low-risk market-consistent measurement. The reviewers discussed this topic at length, and did not support adding this requirement to the standard. Therefore, no change was made.
Comment Response	One commentator suggested changing "when relevant and material" to "when applicable, relevant, and material" in the opening paragraph and deleting "if applicable" from affected subparagraphs. The reviewers did not add "applicable" to the opening paragraph but did revise the language of several subparagraphs in response to this comment.
Section 4.1(d)	
Comment Response	One commentator suggested language to clarify to which prior measurement assumptions should be compared. The reviewers agree that the suggested change clarified the intent of the section and made the change.
Section 4.1(f)	
Comment Response	One commentator requested clarification in the form of examples of how to satisfy the requirement to disclose a summary of the participant information. The commentator also indicated that the standard should be clear that in no event, is the actuary required to disclose, directly or indirectly, personal information on individual participants. The reviewers believe the level of detail in the current guidance regarding disclosure of participant information is reasonable and made no change. In response to the second comment, the reviewers added a new section 4.4 to reiterate the confidentiality concept in Precept 9 of the *Code of Professional Conduct* to address this concern regarding disclosure of confidential information.
Section 4.1(i)	
Comment Response	One commentator suggested language to clarify that the description of methods be sufficient to permit appraisal by another actuary qualified in the same practice area. The reviewers agree and made the change.
Section 4.1(j)	
Comment Response	One commentator suggested that the scope of this disclosure requirement be limited and that the guidance specify the level of detail of the required disclosure. The commentator also suggested replacing "material" with "significant" to avoid conflict with ASOP No. 1. The reviewers note that the exposure draft does not substantively alter the disclosure requirement from the current standard and believe that the scope and specificity of the requirement are appropriate. The reviewers made the suggested change to use "significant," but made no other changes.

Section 4.1(k)	
Comment Response	One commentator requested clarification of what is meant by "a description of amortization methods and amortization bases," specifically whether it required disclosure of specific amortization base amounts. The reviewers clarified the language to indicate a description of amortization bases includes a description of the outstanding balance, the amortization payment included in the periodic cost or actuarially determined contribution, and remaining amortization period for each amortization base.
Comment Response	Several commentators expressed concerns about the proposed requirement to disclose if the unfunded actuarial accrued liability is expected to grow at any time because the amount of work required significantly outweighs the benefit of the disclosure. The reviewers agree with the commentators' concerns and modified the requirements in this section.
Section 4.1(l)	
Comment Response	One commentator suggested that this subparagraph be expanded to indicate the extent to which this requirement applies to a plan when another party, for example the PBGC, will pay all benefits when due immediately after the plan assets are insufficient to do so. The reviewers believe the language is clear that the requirement applies to the plan absent the benefit payment guarantee of any other external party, and made no change.
Section 4.1(m)	
Comment Response	Most commentators indicated that requiring disclosure of a qualitative assessment of the implication of the contribution allocation policy was preferable to requiring disclosure of a quantitative assessment and generally supported this requirement, but several commentators expressed concern about additional work and increased professional risk. The reviewers believe the amount of work necessary for a qualitative assessment is justified by the benefit received and made no change.
Comment Response	One commentator requested inclusion of examples of what constitutes a qualitative description of the implications of the contribution allocation procedure or sponsor funding policy on the future expected contributions or funded status. The reviewers want actuaries to rely on their professional judgment in applying this section. Inclusion of examples may create reliance on sample language, which could be inappropriate for any specific situation.
Comment Response	One commentator suggested that the phrase "the actuary should assume that all assumptions will be realized" should be included in this section with the clarification that it means that assumptions will remain the same. The reviewers note that that actuary may or may not assume that all assumptions will remain the same. The language was changed to require the actuary to disclose the significant assumptions used in the assessment. Section 3.14.2 already allowed the actuary to presume all actuarial assumptions will be realized in making the assessment.
Comment Response	One commentator suggested that some short-term quantitative assessments may be beneficial, particularly for public sector and multiemployer plans. The reviewers note that the appropriate pension practice conveyed by the guidance issued is applicable to all areas of pension practice, not just to certain areas. Hence, the reviewers made no change.
Comment Response	One commentator suggested that the expected percentage increase in the unfunded accrued liability for the year following the measurement date should be included in the required disclosure. The reviewers believe that a qualitative assessment is appropriate and made no change.

Comment Response	One commentator suggested language that "none of the disclosures under section 4.1 are intended to compel the actuary to forecast valuation results where such a forecast is beyond the scope of the assignment." The reviewers note that the requirements of a qualitative assessment are up to the professional judgment of the actuary and made no change.
Section 4.1(o)	
Comment Response	One commentator indicated that the disclosure requirement in this section was unclear as written. The reviewers agree and revised the language to clarify the intent.
Comment Response	One commentator stated that the financial health of the plan sponsor is irrelevant to the extent not reflected in the potential benefit payment default risk. The reviewers agree that an adjustment for financial health may not be necessary for the purposes of all such measurements, but that in any event, if such an adjustment is made, it should be disclosed.
Comment Response	One commentator indicated that this disclosure requirement (how the benefit payment default risk or the financial health of the plan sponsor was included in the measurement) was not consistent with section 3.11. The commentator also indicated that this information may not be available and asked if it was a deviation of the standard to disclose that it was not included. The reviewers note that if the actuary did not reflect payment default risk in a market-consistent present value measurement, the actuary's disclosure should reflect that fact. The reviewers also note that section 3.11 states the actuary may consider default risk, and it is not a deviation from the standard for the actuary to not make such considerations if it is appropriate for the purpose of the measurement.
Section 4.1(q)	
Comment Response	One commentator requested that the section be revised to explicitly state that where a particular disclosure of funded status is required by statutes, regulations, accounting standards or other binding authority, the content and format required by such authority controls. The reviewers believe that the requested modification to the section provided too broad an exemption, but did revise the language to specifically exclude funded status measurements that are prescribed by federal law or regulation from the requirements of the section.
Comment Response	One commentator requested that the requirements of the section be replaced by a requirement to disclose the purpose of the measurement. The reviewers believe that the suggested replacement would not adequately serve the purpose of the section and left the existing requirements.
Comment Response	One commentator suggested changing the language in section 4.1(q)(2) from "the need for future contributions" to "the amount of any anticipated future contributions." The reviewers agreed and made changes to the language.
Section 4.1(r)	
Comment Response	One commentator suggested that language be added to clarify that actuarial forecasts outside the scope of an annual valuation are not required by the standard. The reviewers believe that this concept is sufficiently clear and made no change.
Section 4.1(s) and Section 4.1(t)	
Comment Response	Regarding section 4.1(s), one commentator suggested that the actuary should not be required to disclose confidential information when disclosing an explanation of the information and analysis that led to an assumption change. The reviewers added section 4.4 to indicate that nothing in the standard is intended to require the actuary to disclose confidential information.

Comment Response	One commentator objected to the requirements of these sections as potentially conflicting with the confidentiality of client information and as being burdensome. The reviewers added section 4.4 to clarify that nothing in the standard is intended to require disclosure of confidential information. The reviewers believe the disclosure requirements are appropriate and note that the disclosure may be brief.
Section 4.1(v)	
Comment Response	One commentator suggested changes to clarify the intended disclosure requirement. The reviewers agree and modified the language accordingly.
Section 4.2, Disclosure about Prescribed Assumptions or Methods	
Comment Response	One commentator thought that it was inappropriate for the proposed language of section 4.2 to expand the disclosure requirements beyond the disclosure requirements under ASOP No. 41 when assumptions or methods are prescribed. The reviewers disagree and made no change. The reviewers note the expanded disclosure requirements are only applicable to prescribed assumptions or methods set by another party.