November 14, 2014

Via E-mail

ASOPs and Public Pension Plan Funding and Accounting
Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington DC 20036-4601

Re: Proposed ASOP for Public Pension Plans

Dear Actuarial Standards Board:

This letter represents my comments concerning Actuarial Standards of Practice as applied to public pension plans. The National Association of State Retirement Administrators (NASRA) has published its response to the Actuarial Standards Board’s Request for Comments concerning the application of ASOPs to valuation and other analyses of public pension systems. I agree with that letter and its responses to the questions posed in the RFC. Please consider those comments as being included in this letter as if they were fully set out herein.

While it may seem an obvious statement, disclosures do not fund pension plans. Contributions fund pension plans. However, this fact is often forgotten in discussions about public plans. Existing ASOPs provide more than enough disclosure to allow readers of valuation reports and other analyses to develop informed opinions about the actuarial soundness of public pension systems. One reporter, who frequently writes about public pension issues, has referred to actuarial reports as “mind-numbing.” Yet this same individual calls for additional disclosures by public plans.

In my opinion, the Standards Board and the Academy would best served the profession and the public by providing guidance on how to read and interpret an actuarial valuation report. The Academy’s Essential Elements series would be a good place to publish such a guide.
Thank you for the chance to submit comments in response to the RFC. If you have questions concerning this letter, please feel free to contact me.

Sincerely,

John M. Crider, Jr., ASA, MAAA, EA