

<b>GENERAL COMMENTS</b>	
Comment	One commentator suggested that the Actuarial Standards Board (ASB) initiate a new project that substantially improves the level of coordination of guidance that is currently provided by the individual ASOPs applicable to the pension and retiree group benefit practice areas.
Response	The reviewers appreciate the suggestion and will take it under consideration in the future.
<b>SECTION 1. PURPOSE, SCOPE, CROSS REFERENCES, AND EFFECTIVE DATE</b>	
<b>Section 1.1, Purpose</b>	
Comment	One commentator suggested that it may not be clear how the guidance in ASOP No. 35, <i>Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations</i> , applies to retiree group benefit obligations since all the references in the standard are to “pension plans.”
Response	The reviewers appreciate the comment, but direct the commentator to ASOP No. 6, <i>Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions</i> , for further guidance on retiree group benefit obligations. The reviewers also believe that the guidance is clear and, therefore, made no change.
<b>SECTION 2. DEFINITIONS</b>	
<b>Section 2.6, Prescribed Assumption or Method Set by Another Party</b>	
Comment	One commentator suggested that the concept of a prescribed method may be confusing to some actuaries since it is unclear to what the term “method” applies.
Response	The reviewers believe that the guidance provided is appropriate and consistent with other pension ASOPs and made no change.
<b>Section 2.7, Prescribed Assumption or Method Set by Law</b>	
Comment	One commentator suggested that the concept of a prescribed method may be confusing to some actuaries since it is unclear to what the term “method” applies.
Response	The reviewers believe that the guidance provided is appropriate and consistent with other pension ASOPs and made no change.
<b>SECTION 3. ANALYSIS OF ISSUES AND RECOMMENDED PRACTICES</b>	
<b>Section 3.1, Overview</b>	
Comment	Two commentators suggested that the term “may” should be changed in the second-to-last sentence of the section. One of the two commentators suggested that the last sentence of the section be deleted because this sentence might be read to imply that alternative scenarios are required when there are multiple reasonable assumptions.

Response	The reviewers agree and made the suggested changes.
<b>Section 3.3.2, Consider the Relevant Assumption Universe</b>	
Comment	One commentator suggested that the expectations of the plan sponsor be explicitly included in the sources of information list.
Response	The reviewers agree and added language to include this source of information as well as relevant information from other sources.
Comment	One commentator suggested that the guidance regarding one-time events discussed in this section and section 3.3.4 be more thorough.
Response	The reviewers believe that the guidance provided is appropriate and sufficient, and made no change.
Comment	One commentator suggested that recent economic events or plan design considerations may have influenced actual observed experience and that the guidance should make it clear that the actuary should consider the extent to which the actual observed experience is an appropriate predictor of future experience.
Response	The reviewers believe that the guidance provided is appropriate and sufficient, and made no change.
<b>Section 3.3.5, Select a Reasonable Assumption</b>	
Comment	One commentator suggested that the assessment of reasonability for an assumption be limited to assumptions that are significant. The commentator recognized that section 3.10.2, Materiality, arguably could be read to imply this guidance, but believes the guidance should be clarified in section 3.3.5. In addition, the commentator suggested that a less stringent reasonability framework may be included for non-significant assumptions.
Response	The reviewers note that section 3.10.2 is applicable to the entire standard and believe that no further guidance is necessary in section 3.3.5.
Comment	One commentator suggested that the consideration of historical and current data be limited to that which the actuary believes is relevant.
Response	The reviewers note that relevance is determined by the actuary's professional judgment and, therefore, made no change.
Comment	One commentator suggested that the example included in section 3.3.5(a) of the current version of ASOP No. 35 be reinserted into the final version of the ASOP.
Response	The reviewers note that the section in which the example resided no longer exists. In addition, the reviewers note that the removal of this example does not imply that it is no longer valid. The reviewers also note that one of the factors affecting assumption format specification in section 3.3.3 includes the size of the covered population. Therefore, the reviewers made no change.

<b>Section 3.5, Specific Considerations</b>	
Comment	One commentator suggested the inclusion of specific considerations in the subsections of this section for the selection of demographic assumptions when performing a retiree group benefit obligation measurement.
Response	The reviewers believe that no additional guidance is needed given the guidance provided in ASOP No. 6, and, therefore, made no change.
<b>Section 3.5.1, Retirement; and Section 3.5.2, Termination of Employment</b>	
Comment	Two commentators suggested that the consideration listed in section 3.5.2(a) could also be included as a consideration for the retirement assumption.
Response	The reviewers agree and included the consideration listed in section 3.5.2(a) as a consideration in section 3.5.1.
Comment	One commentator suggested that general economic conditions may also affect retirement and termination assumptions in the short term.
Response	The reviewers agree that general economic conditions may affect demographic assumptions and note that section 3.3.2(c) includes economic conditions when giving consideration to the relevant assumption universe. Therefore, no change was made.
<b>Section 3.5.3, Mortality and Mortality Improvement</b>	
Comment	One commentator suggested that the wording in this section be more even-handed regarding assumptions about mortality improvement.
Response	The reviewers believe that the guidance strikes an appropriate balance and, therefore, made no change.
<b>Section 3.7, Consistency among Demographic Assumptions Selected by the Actuary for a Particular Measurement</b>	
Comment	One commentator suggested that guidance may be included in this section to address consistency across multiple benefit plan measurements.
Response	The reviewers agree and included guidance indicating that the actuary should review the assumptions for consistency with demographic assumptions used for measurements of different benefit plans covering the same covered group, if that information is available to the actuary. To the extent the actuary determines that inconsistencies exist, the actuary should determine whether those inconsistencies are reasonable and make adjustments where appropriate.
<b>Section 3.10.1, Adverse Deviation or Plan Provisions That Are Difficult to Measure</b>	
Comment	One commentator suggested that the guidance be clarified to indicate that only an explicit adjustment triggers the disclosure requirement in section 4.1.1.
Response	The reviewers note that the disclosure requirement is in section 4 and only pertains to explicit adjustments and, therefore, made no change.

<b>Section 3.10.2, Materiality</b>	
Comment	One commentator noted the change to the guidance in the Exposure Draft from “the actuary should establish an appropriate balance between refined methodology and materiality” to “the actuary should consider the balance between refined assumptions and materiality.” The commentator suggested the former language was more appropriate.
Response	The reviewers believe that the language is clear and note that the guidance provided in this section is the same as the guidance provided in ASOP No. 27, <i>Selection of Economic Assumptions for Measuring Pension Obligations</i> . Therefore, no change was made.
<b>Section 3.10.3, Cost of Using Refined Assumptions</b>	
Comment	Two commentators suggested that this section seems redundant and might better be combined with section 3.10.2, or at least more clearly distinguished from 3.10.2.
Response	The reviewers modified the language to make it parallel with the guidance provided in ASOP No. 27.
<b>SECTION 4. COMMUNICATIONS AND DISCLOSURES</b>	
<b>Section 4.1.1, Assumptions Used</b>	
Comment	Two commentators suggested clarification of the term “market data” in the context of demographic assumptions.
Response	The reviewers note that practice is evolving in the pension area and that the language in the ASOP was intended to allow flexibility in responding to developing markets, and made no change.
<b>Section 4.1.2, Rationale for Assumptions</b>	
Comment	One commentator believed that neither the exposure draft nor ASOP No. 1, <i>Introductory Actuarial Standard of Practice</i> , defines “significant” in a way that would be useful in interpreting this section and suggested that this section include a specific statement that the actuary should use his or her professional judgment in determining which demographic assumptions have “a significant effect on the measurement.”
Response	The reviewers note that the determination of significance requires the actuary’s professional judgment and believe this is consistent with ASOP No. 1 and, therefore, made no change.
Comment	One commentator suggested that the guidance be clarified with regard to prescribed assumptions or methods set by another party.
Response	The reviewers believe that the guidance is clear and, therefore, made no change.
Comment	One commentator suggested that this section specifically permit reference to a non-public document for an explanation of the rationale for assumptions.
Response	The reviewers note that the guidance provided does not restrict the type of document that may be referenced and, therefore, made no change.

<b>Section 4.1.3, Changes in Assumptions</b>	
Comment	One commentator suggested clarifying the guidance to indicate that an actuary is not required to disclose the general effects of the changes of demographic and economic assumptions separately if both sets of assumptions are changed.
Response	The reviewers agree and modified the language to indicate that a disclosure of the general effects of the changes of demographics and economic assumptions may be combined or separate.
Comment	One commentator suggested including guidance to assist the actuary in determining if a change in assumptions was significant.
Response	<p>In addition, the commentator suggested the inclusion of an appendix that would provide examples of acceptable formats for the disclosures required by section 4.1.3.</p> <p>The reviewers believe that the actuary’s professional judgment determines whether a change in assumptions is significant and, therefore, made no change.</p> <p>The reviewers believe that providing a sample format for disclosure is outside of the scope of this ASOP and, therefore, made no change.</p>
Comment	One commentator suggested that the disclosure requirement of this section be limited to significant changes in demographic assumptions.
Response	The reviewers modified the proposed language to clarify that the disclosure is applicable to any change in a significant demographic assumption. The reviewers disagree with the commentator’s suggestion that the disclosure requirement be limited to significant changes in assumptions.
Comment	One commentator suggested that the term “demographic assumptions” in the first sentence be bolded for style consistency.
Response	The reviewers agree and made the change.
Comment	One commentator suggested that the guidance be clarified with regard to prescribed assumptions.
Response	The reviewers agree and clarified the language.
Comment	One commentator suggested that this section specifically permit reference to a non-public document for an explanation of the information and analysis that led to a change in assumptions.
Response	The reviewers note that the guidance provided does not restrict the type of document that may be referenced and, therefore, made no change.
<b>Section 4.1.4, Changes in Circumstances</b>	
Comment	One commentator suggested that this section include a statement that directly acknowledges that, in many cases, reflecting such changes in circumstances as of the measurement date is not appropriate in the context of the measurement.

Response	The reviewers do not believe additional guidance beyond that which is included in ASOP No. 41 is necessary and, therefore, made no change.
<b>Section 4.4, Confidential Information</b>	
Comment	Two commentators suggested that this section should include a statement that the Principal is the party who determines what is confidential or what the actuary may disclose.
Response	The reviewers note that, for purposes of this standard, confidential information has the same meaning as it does in the <i>Code of Professional Conduct</i> . Therefore, no change was made.