

Sent via e-mail to comments@actuary.org

Assessment and Disclosure of Risk
Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington, DC 20036

October 28, 2016

Subject Proposed ASOP - Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, Exposure Draft July 2016

To Members of the Actuarial Standard Board:

We applaud the work done since the first draft of this standard and the subsequent changes to the Exposure Draft. We appreciated the opportunity to comment on the original Exposure Draft, and are supportive of the changes made.

We will respond to some questions under the request for comments below.

Question 1: *Do you believe that the addition of contribution risk in section 3.3 is consistent with the risk definition in section 2.3? If not, how would you modify the definition in section 2.3?*

We agree that contribution risk is a factor included in section 2.3.

Question 2: *Do you agree with the proposed guidance in section 3.6 that if, in the actuary's professional judgment, a more detailed assessment would be beneficial for the intended user to understand the risks identified by the actuary, the actuary should recommend to the intended user that such an assessment be performed?*

We agree.

Question 3: *Do you believe that the guidance in section 3.8 regarding the disclosure of historical actuarial measurements or potential disclosure of other historical information to assist in understanding the risks associated with the plan is appropriate? If not, what changes would you suggest?*

Yes. We believe section 3.8 is appropriate and it allows the actuary to use professional judgement if these historical values are reasonably available.

Session 3.9: we have a question on section 3.9. Section 3.9 states that "the actuary may rely on a separate report that the actuary has not produced". Please clarify or give examples of such a "report". The examples may include: research paper on the relevant topic of risks, case studies that illustrate the risks, special risk study (e.g. Stochastic Modeling) for the plan performed by another expert, etc.

Session 3.7 and 4.1(e): we are concerned about the extra cost related to calculate, maintain, and disclose of the risk measures listed. We request the standard simplify 4.1(e) and delete the listing of examples.

We thank the ASB for the opportunity to comment on the exposure draft.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Dulaney". The signature is written in a cursive style with a prominent initial "M" and a long, sweeping tail.

Michael J. Dulaney, FSA, EA, MAAA
Senior Actuary
Retirement Actuarial Services
Principal Financial Group