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July 19, 2018

Via e-mail comments@actuary.org

Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington, DC, 20036

Re: Comments on exposure drafts for Actuarial Standards of Practice (ASOPs) 4, 27 and 35

Dear Members of the Actuarial Standards Board (ASB) and the Pension Committee of the ASB

The Society of Actuaries (SOA) Board of Directors submits these comments to the exposure drafts of ASOPs 4 (*Measuring Pension Obligations and Determining Pension Costs or Contributions*), 27 (*Selection of Economic Assumptions for Measuring Pension Obligations*), and 35 (*Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*). The SOA Board thanks the ASB and the Pension Committee of the ASB (Pension Committee) for their work in reflecting the recommendations of the *Report of the Pension Task Force of the Actuarial Standards Board*, dated February 29, 2016 in the exposure drafts for ASOPs 4, 27 and 35. The Pension Task Force report represented a significant amount of time spent by the ASB listening to the pension community and reflecting on the role of pension standards. It is heartening to see that work reflected in the exposure drafts of ASOPs 4, 27 and 35. The SOA Board urges the Pension Committee to substantively maintain these changes to these ASOPs.

The SOA Board acknowledges the importance of the newly defined Investment Risk Defeasement Measure disclosure for funding valuation reports (ASOP 4 Exposure Draft, section 3.11). The Pension Task Force report cited the importance of introducing a required market-based measure to provide clarity and context to funding values, provide information about risk not found in other measures, and incorporate into actuarial science the best practices of other professions. The Investment Risk Defeasement Measure provides important information to assess the degree of risk in a plan's funding and investment policy that, when accompanied by an actuarial report that provides context for its meaning, improves pension plan sustainability. The SOA Board recommends this measure not be removed or meaningfully changed as ASOP 4 is revised, including any changes that would allow an actuary or plan sponsor to opt out of its calculation.

Sincerely,

A handwritten signature in black ink that reads "M. Lombardi".

Mike Lombardi
President, Society of Actuaries