



## Department of Finance

NYC Mayor's Office of Pensions & Investments  
1 Centre Street – Suite 500N  
New York, NY 10007  
Tel. 212.602.7111  
Fax 212.669.2275

JOHN ADLER  
Director  
Chief Pension Investment Advisor

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ASOP No. 4 Comments  
Actuarial Standards Board  
1850 M Street, NW, Suite 300  
Washington, DC 20036

Dear Board Members:

On behalf of the New York City Employees' Retirement System and the Teachers' Retirement System of the City of New York, we are submitting these comments on **Section 3.11** of the exposure draft of proposed revisions to Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. These comments reflect the views of the boards of our retirement systems as a whole, but not necessarily the views of the individuals who sit on these boards or any of their respective employers.

We urge the ASB to acknowledge that the Investment Risk Defeasement Measure (IRDM) is also for all intents and purposes a termination liability or settlement measure. Requiring universal disclosure of this value has potentially far-reaching policy consequences that may have the – perhaps unintended – effect of making public pensions less secure. Calculating and disclosing the IRDM, which will potentially fluctuate significantly from year to year with changes in market interest rates, will allow critics of public pension funds to selectively pick and choose which funding measures to use in order to depict them in the worst possible light. Pension funds are long-term institutions that seek to provide their participants and beneficiaries with benefits for many decades to come, and whose sponsors (like the City of New York) have no or virtually no enterprise or solvency risk.

We believe the ASB should be championing measures that are consistent from year to year, so that actuaries can accurately calculate assets and liabilities in a way that is true to the mission and nature of these funds, which are not and should not be subject to short-term market fluctuations. Forcing actuaries to disclose the IRDM in pension fund funding reports means that the ASOP may require them to misrepresent those pension funds' funding status, in the opinion of the retained actuary. Why not *allow* the actuary to include the IRDM, thereby leaving such a reporting decision to the discretion of the actuary rather than requiring such a controversial measure to be included in funding reports? ASOP No. 4 does not require disclosure of any other specific measure of funding.

To solely mandate the IRDM even raises questions about the ASB's motivations in this endeavor. This proposed requirement could also have the unintended consequence of undermining the public reputation of the ASB as well as the actuarial profession. We urge you to modify the exposure draft of ASOP No. 4 by removing the requirement to disclose the IRDM.

Sincerely,



John Adler  
Board Chair

#### **New York City Employees' Retirement System**

##### **Trustees:**

- Mayor Bill de Blasio's Representative, John Adler (Chair);
- New York City Comptroller Scott M. Stringer;
- New York City Public Advocate Letitia James;
- Henry Garrido , Executive Director, District Council 37, AFSCME;
- Tony Utano, President Transport Workers Union Local 100;
- Gregory Floyd, President, International Brotherhood of Teamsters, Local 237;
- Borough Presidents:
- Gale Brewer (Manhattan),
- Melinda Katz (Queens),
- Eric Adams (Brooklyn),
- James Oddo (Staten Island),
- Ruben Diaz, Jr. (Bronx).

#### **Teachers' Retirement System of the City of New York**

##### **Trustees:**

- Mayor Bill de Blasio's Representative, John Adler (Chair);
- New York City Comptroller Scott M. Stringer;
- Lindsay Oates, representing the Chairperson of the Panel for Educational Policy;
- Debra Penny,
- Thomas Brown, and
- David Kazansky, all of the United Federation of Teachers.

