

RETIREMENT SECURITY INITIATIVE

Bipartisan advocacy for fair and sustainable pensions

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

July 31, 2018

Re: Comments on ASOP4 Exposure Draft

Dear Members of the Actuarial Standards Board,

Thank you for the opportunity to comment on the Proposed Revision to Actuarial Standard of Practice (ASOP) No. 4 (“ASOP4”). The Retirement Security Initiative (RSI) is a national, bipartisan advocacy organization focused on protecting and ensuring the fairness and solvency of public sector retirement plans. Our mission is to inform and educate policy leaders and the public regarding the importance of fair and sustainable public sector retirement plans and organize and support policy development and advocacy efforts at the federal, state and local levels.

In our efforts to inform and educate policy leaders and the public about pension issues and explore policy options, we rely heavily on publicly accessible pension plan data – particularly actuarial valuation reports and CAFRs. Using valuation reports can be difficult, particularly when trying to compare plans, due to the extreme variations in assumptions used to create the valuations.

We see the proposed changes as providing much needed sunshine on the health of pension plans, especially when trying to do side-by-side analysis. This transparency is desperately needed to inform plan members and the general public.

Also important is the provision that would require a plan’s actuary to explicitly opine on the reasonableness of assumptions set by a plan sponsor. We have observed actuaries discuss with retirement board trustees, often passionately, about the need to use prudent assumptions, but have rarely – if ever – read discussions of the reasonableness of these assumptions in the final valuation reports. This requirement would go a long way in providing positive pressure for sound decision making by pension board trustees.

Thank you again for the opportunity to submit comments in support of changes to ASOP4. Please do not hesitate to reach out if additional information would be useful. As an organization whose founding principles include the expectation that the decision making and management of retirement plans should be open, transparent and non-political, we write today in support of the proposed changes to ASOP4

Sincerely,



Pete Constant, CEO
Retirement Security Initiative