

Comment #64 – 8/1/18 – 5:11 p.m.

Dear ASB members,

I applaud your efforts to continue to improve pension standards. Overall the revisions to these standards are much needed, and I support them. Below are some specific comments for your consideration.

ASOP 4

I support the key changes, including addition of a required disclosure of defeasement measure. However I have a suggestion for improvement. I believe further guidance regarding the construction of a hypothetical bond portfolio in determining an appropriate discount rate would be helpful. Current practice in this area is wide ranging, and in some instances actuaries may be “cherry picking” bonds to maximize the discount rate. If further guidance could be added to the ASOP to limit such practice I think it would be helpful to the intended user of the actuary’s report. For example, requiring that such hypothetical bonds be “representative of actual instruments that could be purchased at the valuation date.” I also suggest that the disclosure in item 4.1.o should explicitly require disclosure of the discount rate and the method used in its derivation.

ASOP 27

I support the key changes.

ASOP 35

I support the key changes. In section 3.5.3.a I would suggest adding the word “recent” between the words “and” and “generally” to clarify that generally available but outdated mortality tables should typically not form the basis of the assumptions.

Thank you for considering these comments.

Tricia Matson