

Comment #7 – 7/31/18 – 11:15 a.m.

July 31, 2018

To the Actuarial Standards Board—I would like to offer a few thoughts with respect to ASOP's 4, 27 and 35 that are currently in exposure draft.

Let me begin with a bit of personal background. I am currently a retired actuary but was previously the Chairman, CEO and President of Principal Financial Group. I was fortunate to be the Academy President in 1995/1996 and have been involved in Academy work for more than 30 years. In the early part of my career, I was more involved in the pension industry but migrated to a more executive career for the past 20 years. I do NOT consider myself a subject matter expert with respect to choosing actuarial or economic assumptions. However, I was fortunate to be part of the Society of Actuaries Blue Ribbon Task Force on Public Pension Plans that was chaired by Bob Stein, FSA. That work is the primary basis of the comments that I offer today.

My comments are not specific to any of the ASOP's but are more general in nature. As we performed our research for the Blue Ribbon Task Force and started to formulate our recommendations, it was very clear to me that in broad and general terms, public plan actuaries needed to be much better at working with Trustees and plan sponsors at understanding how pension plan costs vary under a SERIES of actuarial and economic assumptions. Too often, public plan actuaries presented costs under a single set of actuarial and economic assumptions thereby not helping Trustees and plan sponsors to know how costs might change under conditions of high inflation, low inflation, high interest rates, etc. Said in a more general way, public plan actuaries were not (in my view) carrying out their important responsibilities to not only create the proper costs for the current plan year, but to educate plan sponsors and beneficiaries of how costs and funding levels vary across a range of actuarial and economic assumptions.

As I said, these comments are not with respect to any one of these ASOP's but I would hope that there might be a preamble or some other way of embedding this thought into each of the ASOP's overall. It is only by doing a better job of educating plan trustees, plan sponsors and beneficiaries that we can hope to help the general public understand the challenges of public plans and what solutions might exist to help align benefits and revenue.

I hope these comments will be of value to the ASB. I am deeply appreciative of the work that the ASB members do help the actuarial profession carry out it's important responsibilities to the public. If there are any follow-up questions, please feel free to contact me at: Zimpleman.Larry@gmail.com.

Regards,

Larry Zimpleman