

Comments on the Exposure Draft of the Proposed Actuarial Standards of Practice: Setting Assumptions

July 30, 2019

The Actuarial Standards Board

The American Retirement Association (ARA) and the ASPPA College of Pension Actuaries (ACOPA) appreciates this opportunity to comment on the second exposure draft of the Actuarial Standard of Practice (ASOP) on *Setting Assumptions*.

ARA is a national organization of more than 25,000 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ARA members are retirement professionals of all disciplines, including consultants, investment professionals, administrators, actuaries, accountants and attorneys. All credentialed actuarial members of ARA are members of ACOPA, which has primary responsibility for the content of comment letters that involve actuarial issues. The following are ACOPA's comments on the proposed actuarial standard of practice:

1. Section 1.2, fifth paragraph, provides that "if the actuary determines that the guidance in this standard conflicts with a practice-area ASOP, the practice-area ASOP governs." In the pension practice area, there are specific ASOPs that are critical in setting economic or other assumptions. ACOPA agrees with this paragraph as it stands. **ACOPA recommends** retaining the fifth paragraph of Section 1.2 with no changes.
2. Sections 3.5 and 3.6 have slightly different language about actuaries setting assumptions for which the actuary is taking responsibility. Section 3.5 states that: "If the assignment requires the actuary to set multiple assumptions, the actuary should set assumptions for which the actuary is taking responsibility that are reasonably consistent with one another." Section 3.6 states that: "If the assignment requires the actuary to set multiple assumptions, the actuary should set assumptions for which the actuary is taking responsibility that, in the actuary's professional judgment, are reasonable in the aggregate." To provide consistency of language in sections 3.5 and 3.6, **ACOPA recommends** the clause "in the actuary's professional judgment" also be included in section 3.5. Section 3.5 would thus read: "If the assignment requires the actuary to set multiple assumptions, the actuary should set assumptions for which the actuary is taking responsibility that, in the actuary's professional judgment, are reasonably consistent with one another."

This letter was prepared by the ASOP Task Force of the ACOPA Professionalism Committee, Lynn Young, Chair. If you have any questions, please contact Martin Pippins, Executive Director of ACOPA, at (703) 516-9300 ext. 146.

Thank you for your consideration of these comments.

Sincerely,

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