

Comment #1 – 12/21/19 – 8 a.m.

TO: Actuarial Standards Board

FROM: Kenneth Steiner, FSA, Retired

SUBJ: Proposed Revision of Actuarial Standard of Practice (ASOP) No. 32—Social Insurance

DATE: December 20, 2019

Dear ASB Members and ASOP 32 Task Force

Thank you for releasing the second exposure draft of proposed revisions to ASOP No. 32—Social Insurance, and thank you for providing actuaries and the public another opportunity to submit comments and suggest changes to the Exposure Draft language. The comment below is my own and does not represent the opinion of any group or other individual with whom I may be associated. In this comment letter I have focused only on the OASDI program (which I refer to as the Program).

Section 4.1(f)(1). The phrase “and the expected impact of such differences on the future **actuarial status**” is unclear, as evidenced by the fact that this disclosure, or its similar Section 3.7 precursor, has largely been ignored in OASDI Trustees’ Reports released since 1998 or in Office of the Chief Actuary’s memoranda of estimated financial effects of proposed changes to the Program (which I assume are also covered by ASOP 32).

If Program Cost is expected to exceed Program Income at the end of the current 75-year projection period, the calculation of the program’s current Actuarial Status using a 75-year projection period is potentially misleading. In this case, I believe Precept 8 of the Code of Conduct requires additional disclosure to avoid misleading other parties relative to the Program’s current long-term actuarial status.

I suggest the following additional disclosure be added to 4.1(f):

“A qualitative or quantitative description of the expected future pattern of changes in the current **Actuarial Status** resulting solely from passage of time.”

Please contact me if you have any questions about this comment.