

**Third Exposure Draft – ASOP No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions:**

**Comment Deadline: October 15, 2021**

Instructions: Please review the exposure draft, and give the ASB the benefit or your recommendations by completing this comment template. Please fill out the tables within the section below, adding rows as necessary. Sample for completing the template provided at the following link: <http://www.actuarialstandardsboard.org/email/2020/ASB-Comment-Template-Sample.docx>

Each completed comment template received by the comment deadline will receive consideration by the drafting committee and the ASB. The ASB accepts comments by email. Please send to [comments@actuary.org](mailto:comments@actuary.org) and include the phrase ‘ASB COMMENTS’ in the subject line. Please note: Any email not containing this exact phrase in the subject line will be deleted by our system’s spam filter.

The ASB posts all signed comments received to its website to encourage transparency and dialogue. Comments received after the deadline may not be considered. Anonymous comments will not be considered by the ASB nor posted to the website. Comments will be posted in the order that they are received. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

**I. Identification:**

Name of Commentator / Company
Eli Greenblum, FSA, FCA, MAAA, EA / Senior VP & Chief Actuary, Segal

**II. ASB Questions (If Any). Responses to any transmittal memorandum questions should be entered below.**

Question No.	Commentator Response

**III. Specific Recommendations:**

Section # (e.g. 3.2.a)	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
1.2	Include a reference to ASOP No. 56, <i>Modeling</i> , along with references to ASOP No 27, 35, 41 and 44.	ASOP No. 56 was finalized after the release of the second exposure draft and was not reflected in this new exposure draft.
3.2	Insert in the list of general procedures for measuring pension obligations: select a model for projecting future benefits (section 3.x)	
3.14	Require that a reasonable <b>actuarially determined contribution</b> use an <b>amortization method</b> that is designed to fully amortize the unfunded actuarial liability	It is not clear why an <b>amortization method</b> should be designed to only reduce but never fully amortize an unfunded liability.
3.21(b)	Clarify to allow an entry age normal cost calculation to use “the current plan of benefits for each participant,” for purposes of determining a reasonable <b>actuarially determined contribution</b>	This approach should be distinguished from the often-criticized “ultimate entry age” approach that bases the normal cost on a so-called “replacement employee” who would participate at a far different tier of benefits. Stability or predictability of actuarially determined contributions, balanced with benefit security and intergenerational equity should be factors in selecting an allocation procedure. This normal cost method helps stabilize costs; with the selection of an appropriate amortization method, it is not subject to abuse.

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3.x	Add a new subsection titled Modeling with text that reads: Based on the purpose of the measurement and the data available, the actuary should select a model to be used in the calculation of the pension obligation, <b>periodic costs</b> or <b>actuarially determined contribution</b> . The actuary should refer to ASOP No. 56 for guidance on performing actuarial services with respect to models.	
4.1	Include ASOP No. 56 in the list of ASOPs to which the actuary should refer.	

**IV. General Recommendations (If Any):**

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)

**V. Signature:**

Commentator Signature	Date
	October 15, 2021