

Title of Exposure Draft: ASOP No. 6 Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions

Comment Deadline: May 15, 2026

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/wp-content/uploads/2026/03/ASB-Comment-Template_updated-Jan-2026.pdf

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 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.

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Restating comments verbatim or with slight variations may slow down the ASB review process. If you wish to reinforce any comments provided in another commentator's submission, please clearly state how your comments agree or differ.

I. Identification:

Name of Commentator / Company
Tristan Christ and Tim Stawicki on behalf of WTW

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

Question No.	Commentator Response
1	Yes, we believe the guidance provided is clear, however we believe some useful context was removed from the section regarding use of age-specific costs. See our comments on section 3.7.7 below for more details.
2	<p>While we empathize with the drafting committee's sentiment, we believe that consistency with treatment of unfunded pension plans should be applied here (meaning no additional disclosures outside of a specific risk assessment or plan design exercise). WTW works primarily with single employer plans and with no federal level vesting requirements of these retiree welfare benefits there is in most instances the ability to reduce or eliminate future benefits as a risk control measure. There is otherwise no legal requirement to fund these plans.</p> <p>The exception to a legal right/vesting is when there are collective bargaining agreements which have the force of contract law, similar to a non-qualified pension plan. We note, however, that even non-qualified pension plans do not <i>require</i> ASOP No. 51 risk disclosures unless in the actuary's professional judgement design changes significantly affect the types or levels of risks for a pension plan. We believe it should be left to the discretion of the actuary and the context of the plan regarding what risk disclosures would be of use to the intended users of the actuarial communication, as it exists under the current ASOP No. 6 rather than requiring the new risk assessments and disclosures in all instances for unfunded plans.</p> <p>While some of these plans do have partial pre-funding, the context of these single employer valuations is almost always to determine an upper limit on what can be funded on a tax advantaged/deduction basis, and is not intended as a recommended actuarially determined contribution policy. While there may be some exceptions to this (and we agree such disclosures would be appropriate in those cases) we believe that would be the exception, rather than the rule for single employer retiree welfare plans.</p>
3	This information is contained elsewhere in the standard as well, so it could be eliminated to cut down on this already thorough standard. That said, we do not object to leaving it in if others find value.

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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)
2.6	<p>Actuarially Determined Contribution—A potential payment, other than by a retired participant, to prefund the retiree group benefits program, as determined by the actuary using a contribution allocation procedure. It may or may not be the amount actually paid by the plan sponsor or other contributing entity. For the purpose of this standard, premiums, and budget rates, and accounting cost calculations are not actuarially determined contributions. <u>For avoidance of doubt, neither calculations carried out to determine maximum tax-deductibility limitations for Internal Revenue Code §501(c)(9) trusts (“VEBAs”) nor limitations on contributions under or Internal Revenue Code §401(h) are actuarially determined contributions.</u></p>	<p>Calculations for the purpose of determining tax favorable funding limitations under U.S. federal law are not meant to indicate a funding policy sufficient to prefund all obligations, nor are they an actuarially determined contribution.</p> <p>Furthermore, in the single employer context, except in rare circumstances, retiree group benefits programs cannot be fully funded due to VEBA limitations on medical trend and key employee treatment (a possible exception being plans covering an exclusively collectively bargained population).</p> <p>We also note that some regulated businesses (such as public utilities or government contractors) are required to prefund for cost reimbursement purposes and for that purpose choose to contribute their ASC 715 accounting cost figures though they are not legally compelled by federal or state law to do so.</p>
2.18	<p>Funded Status—Any comparison of a particular measure of retiree group benefits program dedicated assets to a particular measure of program obligations.</p>	<p>We believe only assets that are legally required for use towards the retiree group benefits program should be compared against the obligations for a funded status measure. Absent a trust or other legally binding authority, the obligations are simply a general obligation of the plan sponsor.</p>
2.19	<p>Funding Valuation—A measurement of all or a portion of retiree group benefits program obligations or projection of cash flows performed by the actuary intended to be used by the principal to determine program contributions for prefunding or to evaluate the adequacy of specified contribution levels to support benefit provisions. <u>For avoidance of doubt, neither valuations carried out to determine maximum tax-deductibility limitations for Internal Revenue Code §501(c)(9) trusts (“VEBAs”) nor limitations on contributions under or Internal Revenue Code §401(h) are funding valuations.</u></p>	<p>See above comments regarding section 2.6 for the reasoning why we are suggesting the explicit carve out valuations for the purpose of VEBA and 401(h) calculations.</p>

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3.5.2.f	<p>Health Care Delivery System Attributes—The actuary should take into account the impact of health care delivery system attributes on costs, including different aging factors for HMO versus PPO, different trend assumptions when adding medical cost management, and different projection methods for Medicare Advantage versus Medicare integration.</p>	<p>We do not often see material differences in aging factors based on plan type and believe requiring differentiation in aging factors for HMO versus PPO unnecessarily limits actuarial judgement.</p>
3.7.1	<p>Claims Data—<u>When appropriate for the measurement</u>, the actuary should request claims data, if credible, regardless of whether the underlying plan is insured or not. <u>In many fully insured situations the actuary may conclude that underlying claims data is not needed for the purpose of the measurement.</u></p> <p>a. Gross vs. Net Claims—Gross claims data includes cost-sharing components (such as deductibles and copayments), reimbursements, Medicare payments under Original Medicare or Medicare Advantage plans, costs not covered, or other elements.</p> <p>When using claims data, the actuary should use gross or net claims consistent with the model and the purpose of the measurement.</p> <p>b. Incurred vs. Paid Claims—Incurred claims data is grouped by dates the service was provided, while paid claims data is grouped by dates of payment. When using paid claims data, the actuary should make adjustments to the paid claims to estimate incurred claims, as appropriate.</p> <p>The actuary should refer to ASOP No. 5, <i>Incurred Health and Disability Claims</i>, for guidance regarding use or estimation of incurred claims.</p>	<p>We empathize with the desire for greater precision.</p> <p>That said, we believe that the actuary should be allowed latitude based on the context of the engagement / measurement to determine if the incremental efforts and cost justify the potential additional precision.</p> <p>There are many situations where there are smaller, insignificant unfunded retiree group benefits programs in the context of a large plan sponsor, but claims experience data could be partially credible because of the program size in absolute terms. In such situations, using adjusted premium rates may still lead to a result that is reasonable for the purpose of the measurement.</p> <p>In such situations, we believe it would be appropriate not to have to request underlying claims information data and are proposing the additions noted.</p> <p>In our experience insurers are not forthcoming to requests for claims and third party subsidy details unless the group covered are sizable and the plan sponsor has leverage with the insurance company.</p>

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3.7.5	<p>Use of Premiums or Other Methods—When claims and exposure experience are requested but not available for an insured plan or the claims experience is not credible, the actuary may use other methods (such as those that use loss ratio adjusted premiums or normative databases) as the basis for initial per capita costs, with appropriate analysis and adjustment for the premium basis.</p> <p>The actuary who uses premiums for this purpose should adjust them for changes in benefit levels, covered population, or retiree group benefits program administration. The actuary should also make the appropriate adjustments to determine the age-specific costs (see section 3.7.7).</p> <p>If premiums, adjusted or unadjusted, are used as the basis for initial per capita costs in the measurement, the actuary should consider making the adjustments described in other paragraphs of section 3.7.</p>	<p>Again, we empathize with the desire to use claims experience in all instances in the pursuit of greater precision and appreciate the caveats that data must both be available and credible.</p> <p>That said, we believe that the actuary should be allowed latitude based on the context of the engagement / measurement to determine if the potential additional precision is justified by the incremental efforts and cost.</p> <p>There are many situations where there are smaller, insignificant unfunded retiree group benefits programs in the context of a large plan sponsor, but claims experience data could be partially credible because of the program size in absolute terms. In such situations, using adjusted premium rates may still lead to a result that is reasonable for the purpose of the measurement.</p> <p>In such situations, we believe it would be appropriate not to have to request underlying claims information data and are proposing the deletion noted.</p>
3.7.7	<p>Age-Specific Costs— <u>Various factors influence the magnitude of costs for the group being valued, often including the ages, gender, and other characteristics of the benefit plan members.</u> The actuary should use age-specific initial and projected per capita health care costs for both self-funded and insured benefit plans, except as noted in (b) below. If age ranges are used, the actuary should refer to section 3.21.</p>	<p>While we appreciate the desire to use fewer words in this preamble and in 3.7.7(a) we believe the previous wording of this section had useful context. Not everyone who will read the standard for the first time will be grounded in the wording we are suggesting adding back. We would also not object to adding back some of the general wording in the previous section 3.7.7(a) as well.</p>

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Comment Deadline: May 15, 2026

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3.13.10, second paragraph	<p>Unless inconsistent with the purpose of the measurement, the actuary should assume that the retiree group benefits program will continue indefinitely even though many plan sponsors have reserved the right to change unilaterally or terminate their retiree group benefits programs.</p> <p>When consistent with the purpose of the measurement, the actuary should measure uncertain future changes in the retiree group benefits program provisions assuming explicit probabilities for those changes.</p>	<p>We strongly disagree with the requirement to assign probabilities to future changes. An actuary should not be asked to guess at how a plan sponsor might choose to change their plan in the future – we are struggling within what context that actually would make sense.</p> <p>Certainly, running scenario analysis on potential outcomes is an appropriate exercise so that sponsors can plan for such contingencies. However, asking an actuary to set explicit odds on plan sponsor, legislative, or governmental agency actions seems wholly inappropriate and outside of the domain of expertise for subject matter actuaries working with pension and retiree group benefits. Unlike demographic experience, claims experience, economic experience, or other recurring phenomenon, the behavior of humans and especially political actors is inherently difficult to predict and is inconsistent with actuarial practice.</p>
3.13.11	<p>Investment Return Assumption—When selecting an investment return assumption, the actuary should follow the guidance in ASOP No. 27. When selecting an investment return assumption for the purpose of determining a discount rate for a funding valuation, the actuary should take into account the anticipated returns of all known sources of dedicated assets. the plan sponsor intends to use to satisfy retiree group benefits program obligations, including any known sources other than the program’s dedicated assets. For example, if a plan sponsor relies on operating funds to satisfy a portion of retiree group benefits program obligations, the anticipated returns on the operating funds may be lower than the anticipated returns on the program’s dedicated assets.</p>	<p>We do not agree that operating funds should be part of the determination in setting an expected rate of asset return, but appreciate that there may be complexities relative to plans with which we do not normally work. If this is meant to codify the discount rate basis for GASB purposes, we think it would be cleaner to remove all references to the operating funds in this context as that would be a prescribed assumption and would already be subject to disclosures and description of how it was set in an actuarial report.</p> <p>Furthermore, for some plan sponsors they may consider their cost of operating funds to be confidential information that they would not want to share.</p>
3.28	<p>Identification of Risks to be Assessed—<u>For a funding valuation, risk assessment, or a significant change in plan design</u>, the actuary should identify risks that, in the actuary’s professional judgment, may reasonably be anticipated to significantly affect the plan’s future financial condition. Examples of risks include the following:</p>	<p>As noted in our introductory comments, we believe the additional ASOP No. 51 type analysis should only apply in the context of a valuation aimed at funding the full benefit obligation (not merely calculating a tax deductibility or subordination limit), or significant plan design change – as is the case currently for ASOP No. 51 pension disclosures.</p>

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3.29	Assessment of Risks Identified—The actuary should assess risks identified by the actuary in accordance with section 3.28, including the potential effects of the identified risks on the plan’s future financial condition. The assessment should take into account circumstances specific to the plan (for example, plan design, contractual nature of benefits, funding policy, investment policy, funded status , or plan demographics).	These words seem redundant and could be removed. Additionally, for the full section, as noted in the 3.28 comments, we believe this step should not be required outside of the context of a funding valuation.
3.29.2		We believe for consistency with ASOP No. 4 the LDROM measure should be included when the valuation is a funding valuation (as noted for the above adjustments we suggest to clarify the definition of funding valuation). While we would not expect most sponsors to actually invest fully in bonds, we do agree it is an informative measure, especially for plans that have moved to capped trend or specific HRA type subsidies where the cashflows are more predictable and less subject to medical trend.
3.30	Collaborating Actuaries Issuing Joint Opinions—The various elements of a retiree group benefits measurement may require expertise in health data analysis and long-term projections. In recognition of the complexities involved, two or more actuaries with complementary qualifications in the health and pension practice areas may collaborate on actuarial services within the scope of this standard and jointly issue an opinion in accordance with the U.S. Qualification Standards. When jointly issuing an opinion, one or more the actuaries should collectively take responsibility for the overall appropriateness of the analysis, assumptions, and results of the joint opinion, including the consistency of assumptions across practice areas.	As laid out in section 1.2, <i>collectively</i> the actuaries must meet the expertise required to issue the statement of actuarial opinion. We believe this should be emphasized in this section as well so that no impression is created that one actuary must be an expert in welfare concepts such as claims analysis as well as the traditional pension related aspects of projection. As such, we suggest the additional wording and deletion noted. We also note that this adjustment would make the intent more consistent with Section 2.4 of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

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4.1.af	<p>the following regarding assessment of risk <u>if the purpose of the measurement is a funding valuation, risk assessment, or involves significant plan design changes</u> (see sections 3.28 and 3.29):</p> <ol style="list-style-type: none"> 1. the risks identified and the results of the risk assessment performed, including plan-specific commentary on the potential effects of the identified risks on the plan’s future financial condition and the specific circumstances applicable to the plan that were taken into account; 2. if applicable, a description of each significant method or assumption upon which the actuary’s risk assessment depends; 3. if applicable, a recommendation to the principal that a more detailed assessment be performed; 4. if applicable, the values of any plan maturity measures selected, including related commentary to help the intended user understand the significance of the plan maturity measures when assessing risk; 5. the historical values of any actuarial measurements and any other historical information relevant to the actuarial measurements selected, including related commentary to help the intended user understand the significance of this information when assessing risk; and 6. any limitations or constraints on the comprehensiveness of the risk assessment; and 	<p>As noted in our introductory comments to general question number 2 above, we believe any additional assessment and disclosure of risks should be left to the discretion of the actuary if outside the context of a valuation aimed at funding the full benefit obligation (not merely calculating a tax deductibility or subordination limit), or significant plan design change. As such, we suggest the additional wording noted.</p>
4.1.ag	<p>if applicable, identification of the actuary (or actuaries) <u>collectively</u> taking responsibility for the overall appropriateness of the analysis, assumptions, and results of a joint opinion, including the consistency of assumptions across practice areas (see section 3.30).</p>	<p>See the comments for the 3.30. We suggest reinforcing the collective nature of the joint opinion here as well with the noted additional word.</p>



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IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
References to funded status (e.g., 2.18, 2.29, 4.1.x) and assets in general should include examples of what is envisioned by assets other than dedicated assets and why it would be appropriate to include these values. The vague “management planning purposes” comment in 3.14 does not really provide an example. Or, alternatively require a funded status measure or commentary which includes only dedicated assets to accompany the other funded status measure.	A funded status of the plan should only include assets that are irrevocably committed to the sole purpose of providing the associated benefits (or at least with significant tax or other financial consequences for using for other purposes).

V. Signature:

Commentator Signature	Date
	5/13/2026
	5/13/2026