

Title of Exposure Draft:

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:

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.

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.

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 or Company
Jeff Petertil, mostly retired

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

Question No.	Commentator Response
1	
2. Is it appropriate to apply the guidance in sections 3.28 and 3.29 to all valuations related to retiree group benefits, including valuations for accounting measurements, rather than only funding-related valuations?	Yes, applying the guidance of Sections 3.28 and 3.29 to retiree group benefits is as appropriate as its application for pension plans in ASOP No. 4. Moreover, applying this guidance to accounting valuations is appropriate. Such application may be rejected by those who consider LDRM of use only when valuing programs where a pre-funding policy is in place, but this disregards the public interest in access to low default risk measurement information in cases where no pre-funding is involved. A decision not to pre-fund is, de facto, a pre-funding policy. Programs that don't pre-fund may publicly be subject only to accounting disclosures. Requiring the actuary to apply 3.29 in such cases serves the purpose of establishing a basis for funding adequacy comparisons between plans that don't pre-fund and those that do. The use of LDRM fits easily into actuarial valuation models and is an inexpensive way of efficiently providing these comparisons.
3. Is section 3.2, General Procedures, helpful?	A General Procedures section may be useful, but the long alphabetical and chronological list is probably not at all useful for most readers, who can see another parallel version in the Table of Contents. The reader will again see all the same procedures in important detail in the rest of Section 3. In that sense, most of Section 3.2 is redundant. Also, it may be detrimental in the way Section 3.2 gives less space to key procedures such as current benefit costs and select assumptions than it does to relatively unimportant procedures. In the latter category are procedures (j) through (u), which are frequently not applicable. A section on general procedures that would point out those procedures where actuaries either spend most of their time or encounter most hard decisions would be an improvement over the ED section. Eliminate this or condense it to what is important.

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)
Transmittal Memorandum	Include brief history of the three previous versions, including the ASB appointment of TF to examine relevant standards and decision to repeal ASG #3. As someone involved with this standard for 40 years, I will be happy to furnish suggested wording.	In most ASOPs, the transmittal memo introducing the document has a History section or a Background section, which may contain history. Here there is a section titled History but it does not have any history.
Transmittal Memorandum	Please list which notable changes were made for reasons other than aligning with guidance for pensions.	It is useful to know the reason for changes from the current standard were made to conform to pension guidance. ED language implies, however, that every listed change was due to pension standard change. If that is the case it should be stated plainly. If not, it should be useful in the years ahead for someone to quickly identify changes notable for other reasons.
1.2 Scope	Clarify whether the ASOP applies to short term calculations for purposes of budgeting or participant contributions.	The measurements of next year's health care costs on a term basis could be considered "measuring obligations." This might be for a retiree population or for a population that included actives. In some cases, these amounts might be appropriate as first year costs in the long-term valuations that are the target of this standard. In other cases, they would be different and not used. Regardless, should they be considered as measurement of obligations for a retiree group benefits program?
1.2 Scope	Put cash flow projections upfront and in a primary position in the listing of tasks.	The cash flow projection in and of itself might be the desired outcome, without all the cost allocation stuff. The actuarial work covered by this scope cannot advance without a cash flow projection. Actuarial projection of payout is particularly key when actuarial judgement about amount and timing is needed, which may not be the case for some pension or death benefits, but certainly is for the indemnity plan design of health care benefits. The ASOP recognizes that actuarial judgement is involved in all the other assumptions that lead to a cash flow projection. And none of tasks listed in a, b, c, and d can happen without a cash payout projection. Please recognize how many of the key parts of this standard are about getting the cash flow projections right.

1.2 Scope	As an alternative to the above, limit the scope of this standard to cost allocation for funding and accounting purposes.	If the TF and ASB want to emphasize the tasks listed in a, b, c, and d, rather than cash flow, then state that as the main purpose of the standard, which might open the way to a separate standard that could address the reality of health care costs for the aging population and the actuary's role in analyzing that.
3.13.10 first sentence of 2 nd paragraph	<p>Replace “Unless inconsistent with the purpose of the measurement, the actuary should assume...”</p> <p>And substitute “When consistent with the purpose of the measurement, the actuary may assume...”</p>	The ASOP's acknowledgment that many plan sponsors reserve the right to discontinue makes the current “should” statement unreasonable. It is all the more unreasonable given the many plan sponsors who did terminate plans for which actuaries projected payments far into the future. The use of the “may” statement gives the actuary more flexibility while also allowing full compliance with accounting standards.
3.13.10. final sentence	The “should” sentence about measuring uncertain changes with explicit probabilities is unreasonable and should be removed.	The sentence requires the actuary to measure uncertain changes with probabilities that are explicit, i.e., certain. Does this mean that any time an actuary is requested to take uncertainty into account they are required to use specific probabilities? This might work if the client request identifies one aspect of the program but not when the client request identifies the sponsor's right to change everything. In such case there is basic uncertainty across the three major components of a valuation – plan provisions, participant eligibility, and payout. The financial world has a basic tool for this basic uncertainty; it is not explicit stochastic analysis of each probability of provider network, plan co-pay, participant group, etc. The usual tool, both efficient & inexpensive, is discounting of best-guess expected cash flow with a discount rate of appropriate risk. The use of certain probabilities to measure uncertainty may occasionally have its place, but it should not be required.

Appendix - Background	Reduce the accounting commentary, note the lack of funding requirements that differentiate OPEBs from pensions, recognize the 2001 ASOP that emphasized correct modeling, and the 2014 standard that emphasized pension standard conformity. It would be informative as well to mention the controversy that made the 2014 standard go through multiple exposure drafts. As noted above, I would willingly provide wording if the task force were not closed to suggestions.	The deference to accountants in this section is not an accurate representation of the ASB approach to this standard. This misleading history is one place where this revision is noticeably worse than the current standard.

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
<p>Reduce the amount of material taken from pension standards. Condense concepts and use relevant references to the pension standards.</p> <p>Emphasize the importance of correct use of health care cash flow, particularly in the initial year. The standard can do this well if some less relevant areas are pared back.</p> <p>Recognize the valuation difficulties posed when the sponsor has the legal right to change many aspects of the plan. Acknowledge the way financial economics quantifies uncertainty.</p>	<p>The Task Force and ASB seem to have realized that the current standard moved away from the guidance needed by actuaries to produce good retiree group benefit valuations. This exposure draft is an improvement. Addressing remaining problems will enhance the credibility of actuarial valuations for observers such as rating agencies. The challenges presented can be met by removing the ERISA/FASB blinkers and returning to actuarial and financial principles.</p>

V. Signature:

Commentator Signature	Date
Jeff Petertil	May 15, 2026