

31 May 2012

ASOP No. 4 Revision
Actuarial Standards Board
1850 M Street, NW, Third Floor
Washington, DC 20036

Dear Actuarial Standards Board:

The Actuarial Standards Board (ASB) has issued an Exposure Draft of *Actuarial Standard of Practice (ASOP) No. 4 – Measuring Pension Obligations and Determining Pension Plan Costs or Contributions* with a request for comments. I thank the ASB for the opportunity to provide comments, as follows:

General Comment – To the extent appropriate, ASOP Nos. 4 and 6 should be parallel; sections/references should be the same, and subsections skipped (“intentionally omitted” or “reserved”), as necessary, to accommodate.

3.5 Plan Provisions – states that “if in the actuary’s professional judgment, omitting a significant plan provision is appropriate for of the measurement, the actuary should disclose the omission in accordance with section 4.1(d).” There does not appear to be a clear definition of a “significant plan provision”. In addition, it is not clear to the reader when omitting a significant plan provision may be appropriate. I would suggest including an example here of when this may be the case.

3.5.1 Adopted Plan Changes – states that “the actuary should take into account adopted plan provisions consistent with the following when determining costs or contributions for a period, unless contrary to applicable law”. The term “applicable law” here seems too narrow. I would suggest it be expanded to include regulations and similar guidance as well as other authoritative guidance such as accounting standards.

3.16.2 Evaluating Prescribed Assumption or Method – states that an actuary should disclose a conflict in the evaluation of an assumption in accordance with section 4.2(b). While this provisions does provide some negative assurance to the reader that the actuary believes the assumption is reasonable, I would suggest the language here be edited to recommend the actuary affirmatively disclose his/her assessment of the assumptions.

I would be pleased to discuss any of these comments in person, if you feel it would be helpful.

I am providing these comments as an individual experienced consulting actuary and not on behalf of my employer or any other organization.

Sincerely,

John T. Stokesbury, FSA, MAAA, FCA, EA