

**Comment #4 – 7/30/14 – 8:35 p.m.**

This email contains my comments in response to the ASB request for comments on Public Pension Plan Funding. I emphasize that these are my personal comments and do not necessarily reflect the views of my employer or of any actuarial body of which I am a member. I am an Enrolled Actuary, a Fellow of the Institute of Actuaries (London), a Fellow of the Society of Actuaries, and a Member of the American Academy of Actuaries.

For convenience, I have pasted the questions below and entered my comments after each question.

1. Public plan funding and associated actuarial valuations are less uniformly regulated than those of private sector pension plans. Actuaries may be asked by their principal to advise on funding levels. Is additional guidance needed, beyond that in the recently revised pension ASOPs, regarding appropriate public plan actuarial valuation practice to assist actuaries in performing their work and advising their principal? Why or why not?

JH – No, because (a) the lower level of regulation is irrelevant to the professional competence of actuaries and (b) actuaries who pass the mirror test to provide such advice will have availed themselves of the extensive basic and continuing educational material necessary to assure their competence.

2. If yes to question 1, in what areas is additional guidance needed?

JH - NA

3. If yes to question 1, should that guidance take the form of a separate public plan actuarial valuation standard or be incorporated within the existing ASOPs? Why or why not?

JH – NA

4. In general, the ASOPs are principles based and not rules based. As a result, the ASOPs are generally not highly prescriptive. Should the ASOPs related to public plan actuarial valuations be more prescriptive? If so, in what areas?

JH – No.

5. The ASOPs have provided guidance that has been applicable to all areas of practice in the pension community (for example, private sector, multiemployer, public sector). If you believe that additional guidance is needed for public plan actuarial valuations, should any of that additional guidance also apply to nonpublic sector plans? Why or why not?

JH – I see no evidence of a need for the ASB to provide more formal guidance on public plans.

If another response identifies any area that needs additional guidance for public plans, I may submit a further response to discuss the applicability or otherwise of such guidance to nonpublic sector plans.

6. The current definition of an “intended user” of an actuarial communication is “any person who the actuary identifies as able to rely on the actuarial findings” (ASOP No. 41, *Actuarial Communications*, section 2.7). Should the ASOPs require the actuary for public pension plans to perform additional, significant work (which would be incorporated in the guidance provided in the ASOPs) that is not requested by the principal if that work provides useful information to individuals who are not intended users? Why or why not? If so, should this requirement be extended to all pension practice areas? Why or why not?

JH – No. such additional work is conceptually indistinguishable from the extra work that underlies ISAP.1. paragraph 2.8.2.b.

**Jan Harrington**