

## **Comments on the Exposure Draft of the Proposed Revision of Actuarial Standard of Practice No. 34**

**January 30, 2015**

### **The Actuarial Standards Board**

The American Society of Pension Professionals & Actuaries (ASPPA) and the ASPPA College of Pension Actuaries (ACOPA) appreciates this opportunity to comment on the exposure draft of the Proposed Revision to Actuarial Standard of Practice (ASOP) 34 on *Actuarial Practice Concerning Retirement Benefits in Domestic Relations Actions*.

ASPPA is a national organization of more than 17,000 retirement plan professionals who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ASPPA members are retirement professionals of all disciplines, including consultants, investment professionals, administrators, actuaries, accountants and attorneys. All credentialed actuarial members of ASPPA are members of ACOPA, which has primary responsibility for the content of comment letters that involve actuarial issues.

### **Responses to the ASB Pension Committee's Questions**

The Pension Committee requested comments on the following questions:

1. Will the proposed additional disclosures in section 4 improve understanding by users of the actuary's work?

The proposed additional disclosures will improve users' understanding.

2. Will the proposed additional disclosures improve understanding among third parties of the differences between competing valuations of a pension benefit?

The proposed additional disclosure should assist third parties in understanding the differences between competing valuations, especially if both valuations comply with the standard.

3. Would you recommend additional changes to limit the variations in valuation results or enhance understanding of the remaining differences?

ACOPA does not recommend additional changes to limit variations in valuation results. Suggested minor modifications to disclosures are discussed below.

4. Should the scope of the standard be expanded to apply to other post-employment benefits, such as medical benefits, that may also be part of the domestic relations action?

The members of the task force preparing these comments focus on the valuation of retirement benefits, and so offer no comment on expansion to other benefits.

### Other Comments

ACOPA offers the following additional comments:

**Section 3.3.5.** ACOPA recommends that the last paragraph of Section 3.3.5 should be deleted. Section 3.3.4.b. already points out that “a 100% probability of death at a single age and zero at all other ages is *not* an appropriate assumption”. Inclusion of the paragraph stating that an actuary should be aware that using a life expectancy from a given mortality table produces a different result than applying the periodic probabilities implies that some actuaries do not know this to be true. Furthermore, “produces a different result” implies the result is different but not wrong. If this paragraph is not deleted, ACOPA recommend that “different” be replaced with “false” or “incorrect”.

**Section 4.4.b.** The actuary is sometimes asked to determine the value of a specified benefit, with no need to apply an allocation method. To acknowledge this common occurrence, ACOPA recommends that “or source of allocated benefits” be inserted after “a description of the allocation method” in Section 4.4.b.

**Section 4.4.d.** Disclosure of the rationale behind the choice of significant assumptions that are not prescribed will improve the understanding of both users and third parties. However, requiring a description of “the” rationale could be interpreted to mean that every factor that entered into the choice of the assumption is included in the report, and preclude expanding on the decision in a deposition. ACOPA recommends that “the rationale” be replaced with “a rationale”, allowing other factors to be referenced should the actuary be called on to discuss his or her work in court proceedings. Alternatively, “a brief description of” could be inserted before “the rationale”.

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This letter was prepared by a task force chaired by Michael B. Preston, FSPA. If you have any questions, please contact Judy Miller, Executive Director of ACOPA, at (703) 516-9300 ext. 152.

Thank you for your consideration of these comments.

Sincerely,

/s/

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/s/

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