

Comments on the Third Exposure Draft of Proposed Revisions of the Actuarial Standard of Practice No. 4: Measuring Pension Obligations and Determining Pension Plan Costs or Contributions

October 15, 2021

The American Retirement Association (ARA) and the American Society of Enrolled Actuaries (ASEA) appreciate this opportunity to comment on the third exposure draft (TED) of the Actuarial Standard of Practice (ASOP) on *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*.

The ARA is a national organization of with members that include organizations of all sizes which support and/or sponsor retirement savings plans. In addition, ARA has nearly 31,000 individual members who provide consulting and administrative services for qualified retirement plans covering millions of American workers. ARA members are retirement professionals of all disciplines, including consultants, investment professionals, administrators, actuaries, accountants, and attorneys. All credentialed actuarial members of ARA are members of ASEA, which has primary responsibility for the content of comment letters that involve actuarial issues. ASEA commends the Actuarial Standards Board (ASB) and the Pension Committee of the ASB for the improvements reflected in the TED and recognizes the time and effort involved in preparing it. ASEA believes that the Committee’s work supports the long-term health of the actuarial profession.

On July 31, 2018, ASEA submitted comments on the first exposure draft and did not comment on the second exposure draft. While ASEA agrees with many of the changes reflected in the TED, we believe that additional modifications should be made. Our views are as follows:

I. Identification:

Name of Commentator / Company
American Society of Enrolled Actuaries

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

Question No.	Commentator Response

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)
Section 3.22	Section 3.22 provides an example that implies a very limited scope where a gain/loss analysis may not provide decision-useful information. ASEA recommends instead a more meaningful example of a “limited group of individuals” that accounts	In many small plans, a limited group of individuals accounts for most of the actuarial accrued liability. Explicitly referencing this commonly-

	for most of the actuarial accrued liability, rather than a “single individual”.	encountered scenario would provide more meaningful guidance for actuaries in preparing funding valuations for small plans.
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IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
In general, ASEA recommends that ASOP 4 explicitly recognize and state that many provisions would not apply to small defined benefit plans.	In general, ASEA recommends that ASOP 4 explicitly recognize and state that many provisions may not apply to small defined benefit plans and the actuary should use professional judgment in determining whether a disclosure is necessary.

V. Signature:

Commentator Signature	Date
/s/ Justin Bonestroo	October 15, 2021

If you have any questions on these comments, please contact Allison Wielobob, Executive Director of ASEA, at (703) 516-9300 ext. 187.

Thank you for your consideration of these comments.

Sincerely,

/s/
Justin Bonestroo, MSEA, EA, CPC, CPFA
President
American Society of Enrolled Actuaries

/s/
Allison Wielobob
Executive Director
American Society of Enrolled Actuaries