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September 17, 2010

Governmental Accounting Standards Board

Mr. David Bean

Director of Research and Technical Activities

Project No. 34

director@GASB.org

Re: Preliminary Views on *Pension Accounting and Financial Reporting by
Employers*

Dear Mr. Bean:

The American Academy of Actuaries'¹ Pension Practice Council appreciates the opportunity to respond to the Preliminary Views on Pension Accounting and Financial Reporting by Employers (PV). It is clear that a considerable amount of deliberation and research on the part of GASB Board Members and staff went into developing the document.

As described in the PV's "Notice to Recipients," the Board anticipates that responses to the PV will represent a spectrum of differing views on the major recognition and measurement issues. With the various practitioners and professionals approaching this task from different perspectives, this response is to be expected. Even for a particular group such as the actuarial profession, there are unique perspectives as a result of evolving actuarial knowledge and differing assessments of such issues as appropriate measurement techniques, cost allocation, and valuation.

The American Academy of Actuaries' mission is to provide independent and objective information, analysis, and education for the formation of sound public policy where actuarial science provides a unique understanding. It is a forum for development of policy solutions that sometimes results in providing more than one solution for policymakers to consider at the same time. This is the case with the Pension Practice

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Council's response to the PV—you will find included two separate responses to the questions presented, one response prepared by the Pension Finance Task Force and another prepared by the Public Plans Subcommittee.²

We hope the GASB Board will find both responses informative and useful as you further refine the concepts and frameworks outlined in the PV. The Academy would be happy to provide further details or any assistance as this research project continues and would appreciate the opportunity to testify at one of the three public hearings in October.

Please contact Jessica M. Thomas, the Academy's pension policy analyst (202.785.7868, thomas@actuary.org) if you have any questions, would like to discuss these responses further, or would like to see the Academy's response to the 2009 Invitation to Comment.

Sincerely,

Ethan E. Kra, FSA, MAAA, EA
Vice President, Pension Practice Council
American Academy of Actuaries

Footnote

¹ The American Academy of Actuaries is a professional association with over 17,000 members, whose mission is to assist public policymakers by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

²The Public Plans Subcommittee and the Pension Finance Task force both operate under the Academy's Pension Practice Council. The Pension Finance Task Force is also jointly sponsored with the Society of Actuaries.