



SOCIETY OF ACTUARIES

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need to do so may be infrequent, if the world's actuaries were able to speak with a single voice on a matter such as the IASC proposed standard, they clearly would have a greater impact on influencing the direction of developments. Knowing that making public statements may not be easy or often needed, the IFAA created a Subcommittee on Public Statements. Its only assignment is to "prepare a due process to govern the preparation and release of public statements by the IFAA." The process will not become effective unless approved by both the IFAA committee and the council of the International Actuarial Association. David G. Hartman, representing the American Academy of Actuaries, is the U.S. member of the subcommittee.

Business plan

As a final item of business, Paul

McCrossan, current chair of the IFAA, presented preliminary ideas about a business plan for the IFAA, including future IFAA activities and objectives. It included a mission statement stating, "The mission of the IFAA is to develop a global profession of technically competent and professionally reliable actuaries who are recognized as such." He plans to hold discussion of a formal business plan at the next meeting of the IFAA in Brussels on September 27, 1996.

After the September 1995 meeting, I wrote an article for the International Section newsletter, saying that I believed the IFAA could be of great import for the profession. I encouraged all readers to monitor the association's progress. Seeing the IFAA serve as the primary conduit for actuarial input to the IASC, looking at the potential

influence on actuarial education worldwide as a result of information sharing, and considering the new business plan, I believe those comments were quite appropriate. I urge your continued monitoring. I encourage you to send your thoughts on the IFAA to me or any of the North American IFAA members at our *Directory* addresses. Members include Cecil Bykerk, Sam Gutterman, David Hartman, Curtis Huntington, Allan Kaufman, Paul McCrossan, Walt Rugland, and Barry Watson.

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The IFAA recognized as important resource

by Barry Watson

The International Accounting Standards Committee's (IASC) mandate to produce internationally recognized standards for employee benefits gave the International Forum of Actuarial Organizations (IFAA) an early opportunity to show its importance in representing actuarial interests internationally.

Background

An IASC task force distributed an issues paper in August 1995, before the IFAA was formed, setting out its understanding of existing employee benefits accounting practices and asking for comments.

A points outline, dated February 2, 1996, showed principles on which an exposure draft of the accounting standard would be based. These were largely those of SFAS 87 and presented few problems for U.S. companies, but many for companies in other countries.

The IFAA IASC Subcommittee appointed a working group to prepare a response that would represent a consensus of views of experienced actuaries.

The IASC welcomed the IFAA response but adopted few of its proposals, including the one that recommended the discount rate be long-term to reduce volatility. Rather, the IASC went in an opposite direction. The major change was that asset values should be "fair value" only, thus increasing volatility.

The IASC Board accepted these proposals and directed the Benefits Task Force to prepare a draft exposure draft, which it did in mid-May. The IFAA working group developed comments on certain key issues, especially volatility.

Once again, the working group's input was well received, but few changes of substance were made.

The draft exposure draft will be approved at an IASC Board meeting in mid-September. Comments can then be made on this draft before final approval in early 1997, but few significant changes are likely.

The lesson to be learned? The IFAA is urgently needed for this type of actuarial diplomacy. A means of formal response by the IFAA must be adopted — and soon. Any response must be early — "present at the creation" is best. Assistance from member associations in monitoring developments and providing time and money is critical.

It is safe to say the international stage will not be dull.

Barry Watson is a member of the working group of the IFAA's IASC Subcommittee.