



ACTUARIAL STANDARDS BOARD

**Repeal of
Actuarial Standard
of Practice
No. 2**

**Recommendations for Actuarial Communications Related to
Statements of Financial Accounting Standards Nos. 87 and 88**

**Developed by the
Pension Committee of the
Actuarial Standards Board**

**Repealed by the
Actuarial Standards Board
March 2011**

(Doc. No. 121)

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March 2011

TO: Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Persons Interested in Employers' Accounting for Pensions

FROM: Actuarial Standards Board (ASB)

SUBJ: Repeal of Actuarial Standard of Practice (ASOP) No. 2

ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*, has been repealed by the ASB.

Background

ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*, was issued in 1987 by the Interim Actuarial Standards Board in response to the promulgation of SFAS Nos. 87 and 88. The methodology in those statements was controversial at that time and the profession needed guidance as to how to respond. The ASOP is quite short and had only two requirements.

The Pension Committee of the ASB has reviewed ASOP No. 2 and compared the various sections to ASOP No. 4. The conclusion was that ASOP No. 2 was redundant with ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*.

Exposure Draft

The exposure draft of this repeal document was issued in September 2010 with a comment deadline of November 30, 2010. One comment letter was received. For a summary of the substantive issues and the reviewers' responses, please see appendix 2.

The Actuarial Standards Board thanks the respondent who commented on the repeal.

Action

The ASB voted in March 2011 to repeal ASOP No.2 effective for actuarial communications issued on or after March 14, 2011.

Pension Committee of the ASB

Gordon C. Enderle, Chairperson

Mita D. Drazilov, Vice Chairperson

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Actuarial Standards Board

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The ASB establishes and improves standards of actuarial practice. These ASOPs identify what the actuary should consider, document, and disclose when performing an actuarial assignment. The ASB's goal is to set standards for appropriate practice for the U.S.

Appendix 1

Note: This appendix is prepared for informational purposes only.

The Pension Committee prepared the following grid highlighting sections of the current ASOP as a cross reference to ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, to reflect where appropriate actuarial guidance already exists for the related item or where the item would have been considered educational material and, therefore, not included in any proposed revision other than possibly in an appendix.

Current Section		Reference to ASOP No. 4
1	Background	Educational
2	Scope	Educational
3	Existing Standards	Educational
4	Disclosure	Section 4.1(a)
5	Disclosure of Exceptions	Section 4.2(a)
6	Sample Disclosure	Educational

Appendix 2

Comments on the Exposure Draft and Responses

The exposure draft of the repeal of ASOP No. 2, *Recommendations for Actuarial Communications Related to Statements of Financial Accounting Standards Nos. 87 and 88*, was issued to the membership in September 2010 with a comment deadline of November 30, 2010. One comment letter was received. The ASB and Pension Committee carefully considered the comment received. The contents of the one comment letter are summarized below along with responses. The term “reviewers” in appendix 2 includes the Pension Committee and the ASB.

Comment	The commentator stated ASOP No. 2 and ASOP No. 4 have coexisted in their current form together since September 2007 without conflict, and suggested that period of time has not seen any unnecessary confusion or misunderstanding. In addition, the commentator stated that section 6 of ASOP No. 2 is not “educational” and has been used in practice countless times.
Response	The reviewers believe section 4 and section 5 of ASOP No. 2 are redundant with sections in ASOP No. 4 and are unnecessary. In addition, the reviewers disagree and believe section 6 of ASOP No. 2 is educational. The reviewers note that while many actuaries may have used the language in section 6, it does not change the nature of section 6.