



Comments on the Second Exposure Draft of Revisions of the Qualification Standards (including Continuing Education Requirements) for Actuaries Issuing Statements of Actuarial Opinion in the United States

August 20, 2021

The American Society of Enrolled Actuaries (ASEA) appreciates this opportunity to comment on the second exposure draft (SED) of Revisions of the Qualification Standards (including Continuing Education Requirements) for Actuaries Issuing Statements of Actuarial Opinion (SAOs) in the United States. ASEA commends the Committee on Qualifications for the improvements reflected in the SED 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. Our comments are specific to the practice area of pensions. While ASEA agrees with many of the changes made in this Draft, we believe that additional modifications should be made.

ASEA has reviewed the proposed changes in the exposure draft and has the following comments:

1. As stated in our previous comment letter, dated October 30, 2020, in Section 2.1.1, the term "Enrolled Actuary" is defined as "an individual who has met the requirements of Title III, Section C of the Employee Retirement Income Security Act of 1974 (ERISA)". The SED provides that an Enrolled Actuary is 1) deemed to satisfy section 2.1(a) through (d) for pension SAOs related to ERISA; 2) deemed to satisfy section 2.1(a) through (d) by either completing a minimum of one year of responsible actuarial experience under an actuary who was qualified to issue such SAO or by completing education relevant to the topic for SAOs related to pension but not ERISA; and 3) for all other SAOs, an Enrolled actuary is deemed to satisfy 2.1(a) and 2.1(b) but must satisfy section 2.1(c) and 2.1(d).

The first exposure draft states "the goal of the updated language related to basic and continuing education for Enrolled Actuaries was to add clarity but not to change the requirements." The Transmittal Memorandum to the SED acknowledges that the first exposure draft would have affected qualification requirements for EAs who issue SAOs related to pensions but not to ERISA, and states that the Committee on Qualification determined that revisions were appropriate. It is unclear whether those revisions are applicable to the language of the first exposure draft, or to revisions to the Qualification Standards of EAs who issue SAOs related to pensions but not to ERISA. ASEA notes that the revised language does in fact change the requirements from the existing standard which simply states that "Enrolled actuaries are deemed to meet the basic education and experience requirement of the General Qualification Standard in the pension practice area".

The bifurcation of SAOs related to ERISA and those not related to ERISA and the associated requirements for qualification are a notable modification of the existing standard. The original standard may have allowed for situations that were unintended, to which the second exposure draft intends to eliminate, but in doing so, the Committee on Qualifications has changed rather than clarified the requirements.

Further, as also stated in our previous comment letter, an Enrolled Actuary who has met the requirements of Title III, Section C has met an extremely broad body of knowledge. Treasury Circular 230 authorizes an Enrolled Actuary to represent taxpayers and pension plans before the Treasury Department and IRS on a wide range of pension items under the Internal Revenue Code (IRC) including matters applicable to retirement plans under the IRC other than pension plans (based on a strict definition of a pension plan as a retirement plan that requires an employer to make contributions to such a plan). This includes issues related to qualified plans under IRC §401 and §403, nonqualified retirement plans, and many other areas. In addition, the qualification standards should similarly recognize that Enrolled Actuaries are qualified to issue SAOs on a broad range of matters and should be aligned with Treasury Circular 230. ASEA is concerned that specifically referencing “pension” in the revised Standard is limiting, potentially creating scenarios where Enrolled Actuaries may be otherwise qualified to issue an SAO, but for the narrow reference to pension.

ASEA recommends no changes from the 2008 U.S. Qualification Standards in section 2.1.1. In the alternative, *ASEA recommends* the words “For purposes of pension SAOs related to ERISA, or to areas in which an Enrolled Actuary is authorized under Treasury Circular 230, an Enrolled Actuary is deemed to satisfy subsections 2.1(a) through (d)”.

2. Appendix 1 of the exposure draft does not define which of the SAOs are “related to ERISA”. *ASEA recommends* that Appendix 1 be conformed to section 2.1.1 for consistency. A simple way to do this is to add the term “ERISA”, for instance, to:
 - a. SAO A.4 (Form 5500 Schedule SB/MB Certification);
 - b. SAO A.21 (Expert testimony);
 - c. SAO A.33 (maximum deductible contributions under IRC section 404);
 - d. SAO A.34 (pension plan nondiscrimination testing under IRC section 401(a)(4));
 - e. SAO A.35 (Adjusted Funding Target Attainment Percentage (AFTAP) certification under IRC section 436);
 - f. SAO A.48 (draft of actuarial report); and
 - g. SAO B.4 (merger/spinoff opinions)—which are covered under IRC section 414(l);
 - h. SAO B.6 (Certification of Pension Benefit Calculation).

We recommend in the Appendix 1 column entitled “Area of Actuarial Practice” that the “P” be changed to “P (ERISA)” for the above listed SAO’s.

We agree with the overall comments submitted by the Conference of Consulting Actuaries regarding non-U.S. actuaries, Associates in the SOA, Associates in the CAS, and membership in the Academy. Particularly, ASEA believes the Academy should not be charged with vetting the knowledge of actuaries who are not Fellows of the SOA or CAS.

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/

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/s/

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