



AMERICAN ACADEMY of ACTUARIES

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NEWS RELEASE

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Actuaries Welcome Discussion of Meaningful Disclosures for Public Employee Pension Plans

WASHINGTON—Following the re-introduction of the [Public Employee Pension Transparency Act](#) (PEPTA) on March 21 in the U.S. House of Representatives, the American Academy of Actuaries said that it welcomes a discussion of meaningful disclosures for public employee pension plans.

The Academy hopes that the bill, sponsored by Rep. Devin Nunes, R-Calif., “to provide for reporting and disclosure by State and local public employee retirement pension plans” will lead to a discussion that raises the awareness of public sector plan issues in the United States, including where information is currently provided, what current disclosures mean, and what other information would be useful to the public.

“Millions of Americans—including state and local workers, retirees, and taxpayers—have a stake in the financial health of these plans,” said Academy President Tom Wildsmith. “Ensuring that relevant, useful information is readily available about the assets and obligations of state and local pension plans is in the public’s best interest. And while making more information available is important, it is also important that the purpose of disclosed information be clear to the intended audience.”

A key point that the Academy makes in educating policymakers and the public about commonly disclosed actuarial information is how different types of measurements of a pension plan’s financial health are used for different purposes. Some measures are intended to facilitate an orderly pattern of funding over time, and others are intended to estimate what it would cost to settle the plan’s obligations. The Academy issue brief [Measuring Pension Obligations](#) provides a roadmap to understanding the different ways of measuring pension obligations.

In addition, while a great deal of attention in the public arena is given to pension plan solvency, plan sustainability over time is an equally important consideration. A public policy white paper produced by the Academy’s Public Interest Committee, [Sustainability in American Financial Security Programs](#), provides an overview of these issues.

Public pension plans have also been an area of focus for the Actuarial Standards Board (ASB). Over the past several years, the ASB has significantly revised the profession’s actuarial standards of practice (ASOPs) related to pensions—including the portions of standards that

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identify what a pension actuary should disclose when performing an actuarial assignment. The ASB Pension Committee is currently reviewing a proposed ASOP, *Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions*. An ASB task force that hosted a July 2015 public hearing on public pension issues in Washington, D.C., is developing recommendations to the ASB for further improvements to pension-related ASOPs.

The Academy's analyses of public policy approaches to public plan issues are available through its online [Public Pension Plans Actuarial E-Guide](#).

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About the American Academy of Actuaries

The American Academy of Actuaries is an 18,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels 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.