



December 2, 2005

Letter to the Editor
Financial Times

Sir,

In your editorial "Insecure and opaque," (November 22) you claimed that "The actuarial and accounting professions have been highly effective in making sure that corporate pension liabilities are well disguised in U.S. company accounts." This statement grossly misrepresents the role of actuaries in pension accounting.

Accounting standards boards, not the actuarial profession, define the contents of financial statements. The U.S. accounting standard for pensions, FAS 87, is 20 years old. While a substantial improvement over the cash accounting rules it replaced, recent market experience has exposed its weaknesses, making FAS 87 now obsolete.

The Financial Accounting Standards Board is now addressing those weaknesses in a well-publicized high priority project, and the American Academy of Actuaries is offering its support. To write that the U.S. actuarial profession supports the disguising of corporate pension liabilities is wrong, and we hope you will correct this error for your readers.

Sincerely,

A handwritten signature in black ink that reads "Donald J. Segal". The signature is written in a cursive style with a large, prominent 'S'.

Donald J. Segal
Vice President for Pensions
American Academy of Actuaries¹

Note: If you have any questions please contact Noel Card, Director of Communications, American Academy of Actuaries, 202-785-7867, card@actuary.org

¹ The American Academy of Actuaries is the public policy organization for actuaries of all specialties within the United States. The Academy is nonpartisan and assists the public policy process through the presentation of clear, objective analysis, and serves as the public information organization for the profession. The Academy regularly prepares testimony for Congress, provides information to federal officials and congressional staff, comments on proposed federal regulations, and works closely with state officials on issues related to insurance. The Academy also supports the development and enforcement of actuarial standards of conduct, qualification and practice and the Code of Professional Conduct for all actuaries practicing in the United States.