



# AMERICAN ACADEMY *of* ACTUARIES

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Ms. Stephenie Fox  
Technical Director, International Public Sector Accounting Standards Board  
International Federation of Accountants  
545 Fifth Avenue, 14th Floor  
New York, New York 10017 USA

February 28, 2007

Re: Comments on IPSASB Exposure Draft 31

Dear Ms. Fox:

The American Academy of Actuaries Public Plans Task Force<sup>1</sup> agrees with the International Association of Actuaries (IAA) and other organizations who have commented that more time is needed to review the IPSASB Exposure Draft (ED) 31, *Employee Benefits*, which would apply the principles of IAS 19 to public pension plans/schemes. Although the rules proposed in ED 31 would not be immediately applicable to governments in the United States, it is possible that they could apply in the future, to the extent national and international accounting standards converge.

The proposed standards in ED 31 represent a significant departure from current United States accounting standards related to public-sector pension and other post-employment plans. Last year the Governmental Accounting Standards Board (GASB) in the United States published their March 16, 2006 white paper “Why Governmental Accounting and Financial Reporting is – and should be – Different” (see [www.gasb.org/white\\_paper\\_full.pdf](http://www.gasb.org/white_paper_full.pdf)) explaining their reasons why public pension plans should be treated differently than private sector pension plans. As quoted from the first page of the Executive Summary:

*“Governments are fundamentally different from for-profit businesses in several important ways. They have fundamentally different purposes, processes of generating revenues, stakeholders, budgetary obligations, and propensity for longevity. These differences require separate accounting and financial reporting standards in order to provide information to meet the needs of stakeholders to assess government accountability and make political, social, and economic decisions.”*

While there is not unanimous agreement among Academy members regarding the effect that these differences should have on public-sector pension and benefits accounting, there is agreement that more time is needed to conduct a thorough review of ED 31. The Public Plans Task Force is prepared to provide any needed technical assistance. If you have any questions or would like to discuss the contents of this letter, please contact Samuel Genson, the Academy’s pension policy analyst at 202-223-8196, [genson@actuary.org](mailto:genson@actuary.org).

Sincerely yours,

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Chair, Public Plans Task Force  
American Academy of Actuaries

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<sup>1</sup> The American Academy of Actuaries is a national organization formed in 1965 to bring together, in a single entity, actuaries of all specializations within the United States. A major purpose of the Academy is to act as a public information organization for the profession. Academy committees, task forces and work groups regularly prepare testimony and provide information to Congress and senior federal policy-makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance, pensions and other forms of risk financing. The Academy establishes qualification standards for the actuarial profession in the United States and supports two independent boards. The Actuarial Standards Board promulgates standards of practice for the profession, and the Actuarial Board for Counseling and Discipline helps to ensure high standards of professional conduct are met. The Academy also supports the Joint Committee for the Code of Professional Conduct, which develops standards of conduct for the U.S. actuarial profession