



March 14, 2025

Actuarial Standards Board  
1850 M Street NW, Suite 300  
Washington, DC 20036  
Via email to [comments@actuary.org](mailto:comments@actuary.org)

**Re: Comments on Second Exposure Draft of Proposed Revision of ASOP No. 41**

Members of the Actuarial Standards Board:

The Pension, Multiemployer Plans, and Public Plans Committees (Committees) of the American Academy of Actuaries’<sup>1</sup> Retirement Practice Council offer the following comments to the Actuarial Standards Board (ASB) in response to the second exposure draft of the proposed revision of Actuarial Standard of Practice No. 41, *Actuarial Communications* (ASOP No. 41). We appreciate the effort and careful consideration of the ASB in their work to update ASOP 41, which has implications for the entirety of the profession.

We have the following comments on the current exposure draft in the format you requested. Note that recommended new text has been underlined and deleted text is listed in strikethrough.

**I. Identification:**

Name of Commentator / Company
Pension Committee, Multiemployer Plans Committee and Public Plans Committee of the American Academy of Actuaries’ Retirement Practice Council.

**II. ASB Questions (If Any). Responses to any transmittal memorandum questions should be entered below.**

Question No.	Commentator Response
1	Is it clear when an actuary should issue an actuarial report? If not, what further clarifications would you recommend?

<sup>1</sup> The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 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.

	We find the current wording to be clear.
2	<p>Is it clear which guidance applies for all actuarial communications and which guidance is required only for actuarial reports? If not, what further clarifications would you recommend?</p> <p>We find the current guidance to be clear that actuarial communications are subject to the guidance in Section 3 and that actuarial reports are subject to the guidance in both sections 3 and 4.</p>

### III. Specific Recommendations:

Section # (e.g. 3.2.a)	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
1.3	<p><u>“Cross References</u>—When this standard refers to the provisions of other documents, the reference includes the referenced documents as they may be amended or restated in the future, and any successor to them, by whatever name called. If any amended or restated document differs materially from the originally referenced document, the actuary should <u>consider</u> <del>follow</del> the guidance in this standard to the extent it is applicable and appropriate.”</p>	<p>We suggest reverting the wording of this section to be consistent with the exact wording in other recently adopted ASOPs (for example, ASOP Nos. 4 and 27). For other ASOPs, this is something to “consider,” which has a different emphasis than “follow.” If this wording represents a deliberate change in policy that will be included in future ASOPs, new and revised, we are comfortable with the change.</p>
2.2	<p><u>“Actuarial Conclusions</u>—Conclusions that have been formed based on actuarial analysis of data or other information. Examples of such actuarial analysis include ratemaking, pricing, experience studies, reserving, valuation, cost estimates, financial audits/exams, asset/liability management, assumption setting, risk assessments, appraisals, and the review of such analysis, <u>when they involve actuarial considerations.</u>”</p>	<p>Not every example will automatically involve actuarial considerations; therefore, we suggest any example be qualified, as described in section 2.4. For example, financial audits (as well as several others) do not always involve actuarial considerations. They could be audits of something that is unrelated to actuarial services.</p>
2.3	<p><u>“Actuarial Report</u>—An <b>actuarial communication</b> <del>documented that the actuary issues in written writing or another permanent recorded form that</del> <u>supports actuarial conclusions.</u>”</p>	<p>Neither the need for including the word “permanent” nor the meaning of the term is clear. Forms other than in writing should be considered a report and need not necessarily be permanent, as long as they are recorded. Actuarial reports in writing are often not permanent and employers may have policies in place to destroy work</p>

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		<p>products after a specified period of time. In addition, this wording is consistent with the concept of a recorded actuarial communication in section 3.1.</p> <p>Also, it is not clear what is intended by the word “issues.” For example, a draft of an actuarial report might be shared with various parties as a draft for a specific purpose. However, it is not intended that the draft be a formal certified actuarial report. We suggest changing the wording to remove the concept of “issues.”</p>
2.7	<p><u>“Prescribed Assumption or Method Set by Law—A specific assumption or method that is mandated or that is selected from a specified range or <del>set</del> group of assumptions or methods that is deemed to be acceptable by applicable law (<del>statutes, regulations, and other legally binding authority</del>).</u> For this purpose, an assumption or method selected by a governmental entity for a financial security program that such governmental entity or a political subdivision of that entity directly or indirectly sponsors <del>as an employer</del> is not a <b>prescribed assumption or method set by law</b>. <u>For this purpose, assumptions and methods set by applicable law for programs within the scope of ASOP No. 32, <i>Social Insurance</i>, are (not) <b>prescribed assumptions or methods set by law.</b>”</u></p>	<p>We are pleased that this definition has been added to ASOP No. 41, which extends this concept beyond the Retirement practice area. However, we think it important that the definition not vary from the most recent version in the recently effective ASOP No. 27. We have suggested changes to make this more consistent with the wording in ASOP No. 27. Specifically:</p> <ul style="list-style-type: none"> <li>● This definition has generally used the phrase “set of assumptions,” not “group of assumptions.”</li> <li>● Our understanding is that the parenthetical, clarifying applicable law, should only be following the first use of applicable law, which is in section 1.2. Therefore, it is not needed here.</li> <li>● The addition of “as an employer” could be problematic in certain circumstances, such as when there is a public plan sponsored by a government where that government’s employees do not participate in the plan. Under the pension ASOPs, prescribed assumptions and methods for these plans would not be considered a prescribed assumption or method set by law. Therefore, we suggest removing that phrase.</li> <li>● The definition as written does not clearly include or exclude social</li> </ul>

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		<p>insurance programs subject to ASOP No. 32, and different actuaries might interpret the language differently. Therefore, we suggest adding the underlined sentence to clarify ASB’s intent as to whether assumptions and methods for social insurance programs are or are not covered by this definition.</p> <p>In addition, some actuaries have expressed confusion as to the definition of financial security program. For clarity, we suggest this term should specifically refer to the definition on page 1 of the June 2015 <a href="#">Sustainability in American Financial Security Programs white paper</a>:</p> <p>“<u>Financial security program</u> – A program designed to mitigate the financial consequences associated either with risks that include unexpected events such as fire, theft, or illness, or with major life events such as retirement or death.”</p>
3.3	<p>“<u>Risk of Misuse</u>—An <b>actuarial communication</b> may be used by another party in a way that may influence the actions of a third party. The actuary should recognize the risks of misquotation, misinterpretation, or other misuse of the <b>actuarial communication</b> and should therefore take reasonable steps to present the <b>actuarial communication</b> clearly and fairly and to include, as appropriate, limitations on the distribution and utilization of the <b>actuarial communication</b>. The actuary may include language in the <b>actuarial communication</b> that limits its distribution to other <u>parties</u> <del>users</del> (for example, by stating that it may only be provided to such parties in its entirety or only with the actuary’s consent).”</p>	<p>The first sentence and parenthetical in the last sentence refers to “party” or “parties,” not users. We suggest changing “users” to “parties” for consistency.</p>

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3.5	<p>“<u>Responsibility of the Actuary</u>—When issuing an <b>actuarial communication</b>, the actuary should clearly identify the actuary as being responsible for it. When two or more individuals jointly issue an <b>actuarial communication</b>, the communication should identify all actuaries responsible for it. The name of an organization with which each actuary is affiliated may be included in the communication, but the actuary’s responsibilities are not affected by such identification. The actuary should also indicate the extent to which the actuary or other sources are available to provide supplementary information and explanation unless, in the actuary’s professional judgment, the <b>intended users</b> will otherwise be adequately informed about such availability.”</p>	<p>The reference to “intended users” in the last sentence should be bolded, since it is a defined term.</p>
3.6	<p>“<u>Actuarial Report</u>—When issuing an <b>actuarial communication</b> that includes <b>actuarial conclusions</b>, the actuary should issue an <b>actuarial report</b> or confirm that an <b>actuarial report</b> has been or will be issued. Unless otherwise disclosed, the <u>responsible</u> actuary or actuaries <u>identified in issuing</u> the <b>actuarial report</b> will be assumed to have taken responsibility for all <b>actuarial conclusions</b>, material assumptions, and methods.”</p>	<p>To be consistent with sections 3.5 and 4.1a of ASOP No. 41, it is important to clarify that this refers to the identified responsible actuary or actuaries.</p>
4.1a	<p>“identification of the responsible actuary or actuaries <u>and the portion(s) of the actuarial report for which they are responsible, if not the entire report;</u>”</p>	<p>Sometimes an actuary is responsible for only a portion of an actuarial report and is not taking responsibility for the entire report. It is important to acknowledge that situation and point out that the actuary should note when they are not responsible for the entire report.</p>
4.1d	<p>“The <b>intended user(s)</b> and, as appropriate, the <b>principal(s)</b>;”</p>	<p>Consistent with allowing for potential single or multiple principals, we suggest allowing for potential single or multiple intended users.</p>

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4.1h	“a statement about possible uncertainty or risk associated with the <b>actuarial conclusions</b> , as appropriate to the particular circumstances and needs of the <b>intended users</b> .”	Section 3.4 limits this communication requirement to only those uncertainties and risks appropriate to the particular circumstances and needs of the intended user.
4.1m.1	“a reference to the applicable law under which the <u>assumption or method</u> <del>report</del> was <del>prepared</del> <u>prescribed</u> ”	We suggest that this requirement refer to the prescribed assumption or method, not the entire report.
4.1m.3	“a statement that the <u>assumption or method used in the actuarial conclusions</u> <del>report</del> was <u>selected</u> <del>prepared</del> in accordance with the applicable law”	We suggest that this requirement refer to the prescribed assumption or method used in the actuarial conclusions, not the entire report.
4.1 m, last sentence	“These disclosures should be made regardless of whether the actuary believes the assumption or method is reasonable for the purpose of the <b>actuarial conclusions report</b> .”	We suggest that this refer to the conclusions that used the prescribed assumptions or methods, not the report that summarizes those conclusions.
4.1n.4		<p>We note that this requirement is inconsistent with the disclosure requirements in the newly effective ASOP No. 27, adopted in December 2023. This exposure draft requires a description of the extent to which the actuary has reviewed the assumption or method for reasonableness. In comparison, section 4.1.2 of ASOP No. 27 states:</p> <p>“For each assumption that has a significant effect on the measurement and that the actuary has not selected (other than prescribed assumptions or methods set by law or assumptions disclosed in accordance with section 4.2[a] or [b]), the actuary should disclose the information and analysis used to support the actuary’s determination that the assumption does not significantly conflict with what, in the actuary’s professional judgment, is reasonable for the purpose of the measurement.”</p> <p>We are not sure whether the ASB intended to impose a stricter requirement on pension actuaries subject to ASOP No. 27 than on</p>

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		other actuaries who are not subject to that standard. If that was not the ASB’s intention, we recommend that consideration be given to requiring a similar additional disclosure for those actuaries not subject to ASOP No. 27.
4.1n.5i	“a statement that the actuary has reviewed the assumption or method and finds that it is reasonable and consistent with the <u>purpose of the assignment scope of the actuary’s assignment;</u> ”	The language differs between i, ii, and iii. Unless this difference is intentional, we recommend the use of identical words (i.e., use “purpose” instead of “scope”).
4.1 q (new section)	“ <u>a statement indicating the extent to which the actuary or other sources are available to provide supplementary information and explanation, if applicable;</u> ”	The last sentence of section 3.5 requires this disclosure for all actuarial communications, including actuarial reports. For completeness, this should be included on the list of required documentation for actuarial reports.

We appreciate the ASB’s consideration of these comments. Please contact Matthew Sonduck, Director, Public Policy ([sonduck@actuary.org](mailto:sonduck@actuary.org); 202-223-7886), if you have any questions or would like to arrange a convenient time to discuss this matter further.

Respectfully submitted,

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