

Outline for Forum on Public Pension Disclosures

September 4, 2008

1. Purpose of a statement would be to provide information of value to the public
 - a. The vast majority of the public is not asking for MVL disclosure
 - b. In fact, a majority of the public pro-actively does not want this information
 - c. Concern by some actuaries of being viewed as irrelevant in the financial marketplace should not lead to the Academy taking positions that are illogical just for the sake of “getting out in front” of an issue
2. MVL in the public sector is misleading
 - a. MVL is a settlement calculation and has no parallel in the public sector
 - b. MVL does not represent any payment stream that can actually happen in the real world
 - c. MVL will be misused by others with negative impact on public sector DB plans and the actuarial profession. Why should actuaries, of all professions, be perceived as pro-DC and anti-DB?
 - d. Why concentrate solely on investment risk? We manage many risks in our work with public sector DB plans. Why are we deemed very capable of managing all the other risks, but incapable of managing this risk?
3. Issuing a statement could very conceivably lead to a split in the Academy and the eventual splintering of the organization.
 - a. How is that in the public’s or the Academy’s best interests?
 - b. Those actuaries opposed to MVL in the public sector are much more heavily involved in ongoing services to public sector DB plans than those actuaries in favor of MVL
 - c. If 90% of the actuaries practicing in the long term care insurance community were opposed to a proposed Academy statement dealing with long term care insurance, would the Academy ignore that opposition and issue the statement anyway?