

Outline of Comments of Dan Ebersole, State Treasurer of Georgia, to the American Academy of Actuaries Public Interest Committee forum September 4, 2008

- Background - Director for the Georgia Office of Treasury and Fiscal Services since December of 1997. Trustee for the Employees' Retirement System and Teachers' Retirement System of Georgia, serving as chair of investment committees. Chairman of the Governmental Accounting Standards Advisory Committee and College Savings Plans Network. Past president of the National Association of State Accountants, Comptrollers, and Treasurers and National Association of State Treasurers.
- Measuring public pension liabilities on a so-called market value basis is inconsistent with the manner in which public pensions function and ignores both reasonable expected returns and the historical actual investment returns generated by diversified, professionally-managed portfolios.
- Calculating pension liabilities using an accrued benefit obligation method is inconsistent with the fact that public sector entities are ongoing concerns that will continue to operate.
- Public sector pension benefits are generally guaranteed, so measuring liabilities on a plan termination basis fails the test of providing meaningful accounting information to stakeholders.
- MVL proponents contend that the disclosure of liabilities on an MVL basis is separate from the funding of those liabilities. This divorce of the value of liabilities from the funding of those same liabilities is illogical and ripe for confusion to the stakeholders.
- The use of MVL logically leads to far more conservative asset allocations for pension fund assets, reduced investment earnings, and higher costs to participants and plan sponsors.