

Mr. Steve Lehmann
Chair of the Public Interest Committee
The American Academy of Actuaries
1100 Seventeenth Street, NW
Seventh Floor
Washington, DC 20036

Re: Public statement concerning market value of pension liabilities

Dear Steve,

Attached is an explanation of the Public Plan Subcommittee's majority position on the issue to be address at the September 4, 2008 forum. It is the basis on this position that we request the opportunity to make a public statement at the Forum.

There is controversy among actuaries concerning any public statement that *might* be issued by the Academy concerning measurement of pension liabilities for public plans.

The following is a statement which along with the attached supporting documents was adopted by the Public Pension subcommittee on May 15, 2008.

The American Academy of Actuaries acknowledges that there is a legitimate and substantive difference of professional opinion within the actuarial community regarding the applicability of "market value liability" measures to public pension plans. The Academy encourages continued development and discussion of this issue.

The American Academy of Actuaries supports and encourages the use of tools beyond traditional actuarial techniques in assessing and explaining the risk of the investment return assumptions not being met. These tools may include use of a risk free or market rate of interest, sensitivity analysis, stochastic simulation and other techniques for measuring investment risk.

Attached is a Memorandum and ***Discussion of the Public Plan Subcommittee Statement***, previously submitted to the Board which expresses the concerns we have regarding the nature and content of a statement made by the Academy on the issue before the Public Interest Committee. In this regard we respectfully request the opportunity to allow my designee from the Subcommittee make oral presentation of our points on this matter at the September 4th hearing.

Thank you for your consideration.

Sincerely,



Kenneth A. Kent, FSA, FCA, MAAA
Chair of the Public Plan Subcommittee