

Dear Sir,

After having worked with public plans for most of the past 20 years, I respectfully submit the following comments:

1. Disclosure of meaningful information is very desirable
2. Calculating liabilities for a public pension plan using current termination type interest rates is of limited value, given that it is highly unlikely any public pension plan will terminate and be forced to pay benefits using current termination rates.
3. The likelihood that a market value of liability number will be misinterpreted either for political reasons and/or because of lack of understanding is extremely likely.
4. If it is desired that a common basis for reporting liabilities be required, I would suggest a modest long-term interest rate (perhaps 7.5%) along with a current mortality table under EAN (as would be consistent with GASB 50) would be much more useful than a MVL disclosure.

Most respectfully yours,

Alan Pennington, F.S.A., E.A., M.A.A.A.

Consulting Actuary

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