

# MEMORANDUM

To: Public Interest Committee of the American Academy of Actuaries  
From: James J. Rizzo  
Subject: Talking Points for Speaking at the PIC Forum on September 4, 2008  
Date: August 15, 2008

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Previously, I had submitted my request to speak at the Forum. I am now following up on that request with my talking points as requested.

I have been fortunate in my 35-year career as a consulting actuary to practice in several different fields. I have served as a valuation actuary for both public sector and private sector defined benefit Pension and OPEB plans. I have performed valuations and advised on a large state-wide public sector plan and a large international publicly traded corporation, and everything in between. This, of course, included extensive work with measurement, recognition and disclosure requirements under accounting standards for both public sector and private sector entities.

Another very interesting and rewarding practice has been investment consulting for public and private sector plans. This is afforded me the opportunity to learn my way around both liabilities and assets, in both the public sector and private sector environments.

1. Market Value of Liabilities (MVL) is not yet a well-defined term
  - Proponents' current method and conventional use of the term "market value"
  - More time, research and dialogue; premature
  - Academy to take a more proactive leadership in educating other professions
2. MVL is not accepted in private sector accounting standards
  - FASB and IASB
  - Current ongoing discussions
  - GASB
3. MVL has little relevance to the public sector
  - Corporate finance principles
  - Plan termination and settlement, pass-through, stock valuation, analysts
  - Public sector finance principles
  - Perpetual existence, plan termination, sustainability, volatility
  - Stakeholders' lack of interest in MVL
  - Pricing a commercial transaction versus disclosing taxpayers' obligations
  - Permit disclosure of MVL
4. Some unintended consequences