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Written Comments to the American Academy of Actuaries'
Forum on Public Pension Disclosures

I am an actuary (FCAS and MAAA). Although I am not a pension actuary, I do feel that my personal experiences place me in a relatively unique position to render some thoughts to the Academy's Forum on Public Pension Disclosures. I am a participant in two separate defined benefit pension plans that had each been taken over by the PBGC a few years back. This has been a very unpleasant experience leaving me with a diminished opinion of current actuarial standards of practice in this arena.

I beseech this Forum to address the concept of disclosure of market value of assets and liabilities for public pension plans on **BOTH** a "going concern" and a "liquidation" valuation basis. Regardless of how one defines "market value", if there is a material dichotomy between the "going concern" and "liquidation" valuations which is not routinely disclosed and explained to pension plan participants then both the ongoing opining actuary and the regulatory/liquidation actuary have each failed in their obligations to pension plan participants.

For example, if an opining actuary routinely uses a present value interest rate around 8% because that is legally allowable under existing governmental and/or actuarial rules and regulations while the PBGC liquidating actuary is obliged to use a corresponding interest rate of less than 4% then this dichotomy by itself causes a material difference in the perception of pension plan funding adequacy. These valuation differences are **NOT** being routinely disclosed to pension plan participants in ongoing annual actuarial pension funding opinions. When a pension plan goes into liquidation, this valuation dichotomy reveals itself. The credibility of the actuarial profession is then severely damaged when the opposing actuaries hide behind existing rules and regulations and do little more than point the finger of blame at each other.

Hence transparency to the pension plan participants of their pension's funding adequacy is not achieved unless the opining actuary proactively reveals and quantifies the "going concern" and "liquidation" valuation differences.

Sincerely,

Randy J. Roth