



# AMERICAN ACADEMY *of* ACTUARIES

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September 20, 2006

Ms. Ann Junkins, Internal Revenue Service  
C/o Office of Regulations and Interpretations  
Employee Benefits Security Administration (EBSA)  
Room N-5669  
U. S. Department of Labor  
200 Constitution Avenue, NW  
Washington, DC 20210

Attn: Revision of Form 5500 (RIN 1210-AB06)

Re: Proposed 2008 Form 5500 Schedule B

Dear Ms. Junkins

On behalf of the American Academy of Actuaries'<sup>1</sup> Pension Committee, I would like to express strong objections to the proposed addition of Question 12 to the Form 5500 Schedule B. This question relates to asset classification and duration calculations of these assets. We understand the reasons the Pension Benefit Guaranty Corporation (PBGC) desires this information, but we object to the placement of the information on the Schedule B as part of the enrolled actuary's (EA) certification.

Our chief concerns with this additional question follow.

**The information requested is not traditionally the enrolled actuary's responsibility.** Although the enrolled actuary may review asset class allocation in setting the interest rate assumption, the enrolled actuary does not necessarily analyze assets in more detail than determining broad asset classes as part the assumption-setting process. The type of detailed information required to complete Question 12, including the Macaulay duration calculations, is outside the scope of the information the enrolled actuary needs to complete his or her obligations under the Employee Retirement Income Security Act (ERISA).

**The information requested may be compiled far more efficiently by other professionals.** Investment advisors and trustees are likely to have access to the information and to have systems and procedures in place to more efficiently provide the information to the plan sponsor. Trust fund reports have asset allocation breakdowns, often provide additional information, and could be modified to provide Macaulay duration calculations.

**The information requested is more appropriately provided on Schedule H - Financial Information.**

Schedule B relates to minimum funding standards and funding levels. Schedule H relates to financial and asset information, and an additional question for plans with 1,000 or more participants could easily be added there.

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<sup>1</sup> The American Academy of Actuaries is a national organization formed in 1965 to bring together, in a single entity, actuaries of all specializations within the United States. A major purpose of the Academy is to act as a public information organization for the profession. Academy committees, task forces and work groups regularly prepare testimony and provide information to Congress and senior federal policy-makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance, pensions and other forms of risk financing. The Academy establishes qualification standards for the actuarial profession in the United States and supports two independent boards. The Actuarial Standards Board promulgates standards of practice for the profession, and the Actuarial Board for Counseling and Discipline helps to ensure high standards of professional conduct are met. The Academy also supports the Joint Committee for the Code of Professional Conduct, which develops standards of conduct for the U.S. actuarial profession.

Also, an additional question on PBGC premium filings would be a possibility and would not require an enrolled actuary's certification.

If you have any questions or would like to discuss this matter further, please contact Heather Jerbi, the Academy's senior pension policy analyst (202.785.7869; [Jerbi@actuary.org](mailto:Jerbi@actuary.org)).

Sincerely,

James F. Verlautz, MAAA, FSA, FCA, EA  
Chairperson, Pension Committee  
American Academy of Actuaries