



---

AMERICAN ACADEMY *of* ACTUARIES

---

*Objective. Independent. Effective.™*

Aug. 5, 2016

*Pensions & Investments*  
Crain Communications, Inc.  
150 N. Michigan Ave.  
Chicago, IL 60601

Dear Editor:

Your article, “Actuarial leaders disband task force, object to paper on public plan liabilities,” reflects a misunderstanding of both the process the American Academy of Actuaries uses for reviewing public statements and the reasons for the disbanding of the joint Academy/Society of Actuaries Pension Finance Task Force (PFTF). Financial economics brings a valuable perspective to pension finance issues, and the Academy is committed to reflecting the contributions of financial economics in our work in this area. But we owe it to the public to get it right. Anything we publish must be not just technically correct, but objective, unbiased, and balanced. This requires a thorough review process—a process that we use for all of our public statements.

The task force has produced extremely valuable work on pension plan financing and valuation issues over the years. Its past work appropriately reflected the financial economics perspective while fully adhering to our rigorous editorial standards, and has been fully supported by both the Academy and the Society. But the article inexplicably seized on a single example of an unfinished PFTF paper that had not yet completed the review and editing process necessary to meet our standards. This draft paper, on financial economics principles applied to public pension plans, had only gone through partial review. Unfortunately, some members of the PFTF became frustrated and decided they simply did not want to complete the Academy review process. That’s not Academy “censorship.” It’s the discipline necessary to provide the public with the impartial actuarial advice it deserves.

The Academy has well-established “Guidelines for Making Public Statements.” These are publicly available on our website and apply to all publications and proposed publications of our committees, task forces, and work groups intended for public release. The guidelines are necessary to ensure that the Academy provides objective, nonpartisan actuarial analysis that will enhance public understanding and assist public policy makers in developing sound policy. And, as in every substantive review process, publications are rarely accepted without revision. Such was the case with the PFTF draft paper at the time the task force was disbanded. Having been through the process many times myself, I know that it can be tedious and frustrating. But many public statements address complex and controversial issues, so adherence to a thorough and disciplined review process is absolutely critical to maintaining objectivity and balance.

The Academy’s Pension Practice Council (PPC) has already taken steps to ensure that the financial economics perspective that the PFTF so passionately advocated will be appropriately considered and represented in our future work. When the PPC or one of its committees undertakes a project that would benefit from a financial economics perspective, they will tap a pool of volunteers specially formed to provide them with that perspective and expertise.

Sincerely,

Thomas F. Wildsmith, IV  
President