INTERNATIONAL ACTUARIAL ASSOCIATION
Pensions Benefits Accounting Sub-Committee (PBAS) Meeting
Budapest, Hungary

Wednesday, April 19, 2017 – 16:00 – 18:00
Minutes

1. Opening of the meeting

Jim Verlautz, vice-chair of PBAS, opened the meeting and welcomed all attendees. He announced that the Chair could not attend the meeting so he and Jason Malone also vice-chair would run the meeting.

2. Minutes

The minutes of the last meeting held on 18 November 2016 in Cape Town, were approved as presented.

3. Activity since last meeting

a. Liaise with IASB

Jim Verlautz updated the sub-committee on recent discussions by members of the subcommittee with the IASB staff on various issues including the current project on discount rates as well as the evolution of hybrids plans globally.

b. Research on hybrids

The PBAS is currently developing a research project on hybrid funds to provide a basis for input into the IASB project in due course. The project is likely to call on members of the PEBC to establish details of the types of hybrids funds that exist across countries.

c. Split discount rate issue

Action: It was agreed that the subcommittee would continue to monitor the prevlance of the methodology.

d. Request from Ecuador

The PBAS received requests from actuaries working in Ecuador for assistance with an issue arising from amendments to paragraph 83 of IAS 19 requiring the test of a deep market in high quality corporate bonds be applied at a currency level. Ecuador has adopted the US dollar as its currency so IAS 19 has been interpreted by market participants to as requiring a discount rate set by reference to the yields on high quality corporate bonds issued in US dollars primarily by US corporates. That has resulted in a significant fall in discount rates used in Ecuador.

A fairly long debate occurred between members on whether or not a non-US market bond could be acceptable under IAS19.

Action : Respond to Ecuador representatives on our analysis of the situation

4. Research Hybrid Funds

The group discussed the upcoming discussions and potential project at the IASB to undertake a review of accounting of hybrid plans. The committee hasn't been asked formally by the staff for assistance.

Action: Ensure that the IASB staff understands we can be of assistance and potentially collect information on hybrid plans in various countries represented in the PEBC and PBAS committees

5. Issues arising from IFRS 17

A short discussion took place on the comparaison between IAS 19 and IFRS 17.

6. Next Meeting

The next meeting of the IAA will be in Chicago, United States, between 3 and 8 October 2017.