

PENSIONS AND EMPLOYEE BENEFITS COMMITTEE REPORT FOR THE PERIOD JUNE 2008 – OCTOBER 2008

Proposal for International Actuarial Standard of Practice for Accounting for Pension Costs

An exposure draft of amendments to IASP 2 containing issues specific to pensions and employee benefits was submitted for exposure by the Committee. The Committee has finalised the text which is proposed for approved by the Council.

Involvement in the revisiting of IAS 19

The IAA has two representatives on the IASB working group. This working group does not operate very actively. However, in March 2008 the IASB published a discussion paper entitled “Preliminary Views on Amendments to IAS 19 Employee Benefits” where comments were expected by 26 September 2008. This discussion paper forms the first phase of reforming IAS 19. The Accounting Subcommittee prepared the IAA comments on the paper and they were submitted to the IASB in due course.

In addition to participating in the work of the IASB, the Committee, through its Accounting Subcommittee, actively follows the development of the accounting standards in various jurisdictions. The Subcommittee also prepared IAA comments on the Discussion Paper on the Financial Reporting of Pensions issued by the Pro-Active Accounting Activities in Europe that were submitted on July 14.

Risk margins and solvency requirements in pensions

In discussions with the IASB it has become clear that the IASB has started to think of the need to have risk margins also in pensions in line with those proposed for insurance contracts. Also, especially in the EU, discussions have started on the need to have solvency requirements for pension funds. The Committee has started discussions in this area with the objective of formulating an IAA view on the issue.

Mortality

The Committee follows the discussions in the Task Force on Mortality and provides support when and where needed.

OECD / IOPS

The IAA has Observer Membership in the OECD Insurance Committee, which includes the Working Party on Private Pensions (WPPP). The Council in Québec approved of Observer Membership in the IAA for the OECD. Meetings of the WPPP have been attended by IAA representatives, with continued email exchanges. The Committee drafted IAA comments on OECD “Draft Guidelines for Pension Fund Governance” that were sent to the OECD on October 1, 2008 using the Fast Track Procedure.

The IAA is an Observer Member of the International Organization of Pension Supervisors (IOPS) and the Committee is represented at the IOPS Technical Committee meetings. The Council in Québec approved of Institutional Membership in the IAA for IOPS. The Committee drafted IAA comments on IOPS “Draft Guidelines for the Supervisory Assessment of Pension Funds” that were submitted on September 5, 2008 using the Fast Track Procedure.

Esko Kivisaari, Chairperson

October 2008