

## **PENSIONS and EMPLOYEE BENEFITS COMMITTEE ACTIVITY REPORT FOR THE PERIOD NOVEMBER 2008 – APRIL 2009**

### **Involvement in the revisiting of IAS 19**

The IAA has two representatives in the IASB working group. This working group has had a couple of meetings since the last Council meeting. The IASB has published in March 2008 a discussion paper “Preliminary Views on Amendments to IAS 19 Employee Benefits” and received numerous comments. It has decided at this stage only to go forward with disclosures and the other topics of the discussion paper are postponed. In addition to the working group mentioned above the Committee has had a meeting with the IASB staff in May 2009 where elements of the forthcoming exposure draft were discussed.

Additionally, the IAA has received a letter from Sir David Tweedie from the IASB concerning discount rates in defined benefit obligations. This letter was also discussed in the meeting mentioned above. The Committee and its Accounting Sub-Committee are starting to prepare a proactive proposal in that area.

### **Measurement basis, 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. This will be based on “Measurement of Liabilities for Insurance Contracts: Current Estimates and Risk Margins” prepared by the Risk Margin Working Group where the first issue is to evaluate to what extent pensions are similar with insurance contracts.

### **Enterprise Risk Management**

The Committee has started reviewing the document “Enterprise Risk Management for Capital and Solvency Purposes in Prudentially Regulated Entities (Banks, Insurers & Retirement Funds)” from a pension fund point of view.

### **OECD / IOPS**

Meetings of the WPPP (Working Party on Private Pensions) have been attended by IAA representatives, with continued email exchanges.

The committee is represented in the IOPS Technical Committee meetings. The Committee drafted IAA comments on The Draft IOPS Guidelines for Supervisory Intervention, Enforcement and Sanctions that were sent to the IOPS using the Fast Track Procedure.

Esko Kivisaari, Chairperson

*May 2009*