

## Memorandum

**Date:** 19 January 2015  
**To:** Executive Committee (EC)  
**From:** Alf Gohdes, Chair, Actuarial Standards Committee (ASC)  
**Re:** ISAP 3 – Actuarial practice in relation to IAS 19 Employee Benefits  
**cc:** David Martin, Chair, Professionalism Committee

Our objective is to obtain Council approval for this ISAP at the April Council meeting in Zurich. The ASC has unanimously approved (with 11 affirmative votes out of 11) the proposed final draft of ISAP 3, along with the associated documents referred to below. In accordance with Due Process, we seek your approval for submission of our proposed final ISAP 3 and the updated Glossary to Council.

Due Process also requires advice from the Professionalism Committee (PC) that the production of the ISAP has conformed with Due Process. We have been keeping the PC informed along the way, and I understand that PC Chair David Martin will address that issue.

As you are aware, in keeping with the requirements of the Due Process we have conducted a final review consultation involving all IAA member associations and commenters on the Exposure Draft to enable them (a) to draw attention to any unintended consequences in the final draft's wording, and (b) to determine whether their comments have been appropriately considered in the preparation of the proposed final draft.

We received fourteen comments on the consultation which are posted on the IAA website under [http://www.actuaries.org/index.cfm?lang=EN&DSP=PUBLICATIONS&ACT=STANDARDS\\_EXPOSURE-FINALISAPIAS19](http://www.actuaries.org/index.cfm?lang=EN&DSP=PUBLICATIONS&ACT=STANDARDS_EXPOSURE-FINALISAPIAS19).

The IAS 19 TF has carefully reviewed the comments received and made a few non-substantial changes to the proposed final ISAP following the consultation.

We have prepared this memo for your discussion on January 27. It has the following attachments:

1. Proposed Final ISAP 3 for approval
2. Revised Glossary for approval
3. Report on final review consultation on ISAP 3 and Glossary for information and discussion
4. Markup on the consultation version of the Proposed Final ISAP 3 for information
5. Markup on the consultation version of the Glossary for information

We made changes to the final draft ISAP 3 for the following reasons:

1. Reason (a) envisaged in the Due Process: Corrections made because commenters drew attention to unintended consequences or errors/omissions in the final draft's wording as a result of responding to comments submitted to the ED:  
We had some that fell into this category (e.g. changes made in 2.6.1, removal of final paragraph in 2.6.3. and two changes made in the Appendix).
2. Reason (b) envisaged in the Due Process: Corrections made because a commenter pointed out that we hadn't appropriately considered comments submitted to the ED in the preparation of the proposed final draft:  
We had a few that fell into this category. We agreed with some (and made appropriate clarifications or changes) and disagreed with others. We also received useful informal comments from one reputable organization that wishes not to be identified.
3. Reasons other than (a) or (b) envisaged in Due Process: We also responded to commenters in the second round that had not commented in the first round (Stephan Engeländer being one of them) and those that raised new issues that they hadn't seen in the first:  
Although sometimes difficult to follow, these comments did get the TF thinking about unintended consequences; again, we sometimes agreed and sometimes disagreed.
4. Reasons other than (a) or (b) envisaged in Due Process: On our own initiative we also amended the Preface to clarify the various methods that member organisations can choose to follow in order to achieve substantial consistency with an ISAP, improved internal consistency of wording, and made minor wording changes for clarity and/or style.

The ASC is very grateful to Yasuyuki Fujii and the IAS 19 TF for the excellent work they've done on this ISAP.

I am at your disposal if you have any questions.