



Deadline: 14 March 2014

Please use this template to comment on the [Exposure Draft of ISAP 3 Actuarial Practice under IAS 19 Employee Benefits](#), and the [ISAP 3 Glossary \(ED\) markedup](#).

	Identification and instructions	
Name of Individual:	Please indicate if your comments are personal, or represent your organization:	Comments submitted on behalf of Aon Hewitt
Name of organization		Aon Hewitt
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	Not confidential
Instructions for filling in and sending the template	<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not write in the yellow shaded cells ⇒ Write in the white cells ⇒ When commenting on a specific paragraph: <ul style="list-style-type: none"> ○ Please use a separate row for each paragraph, sub paragraph, or bullet. ○ Please include the full reference in the first column such as "Introduction 3rd paragraph 2nd bullet" or "2.6.1.b.ii" ○ Please insert/append extra rows as needed. <p>Please send the completed template, renamed with the organization's or individual's name, attached in <u>Word Format</u>, to</p> <p>ISAP3.ISAP.comments@actuaries.org.</p>	



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	Specific Questions asked by the ASC	Response
Q1.	Is the guidance clear and unambiguous? If not, how should it be changed?	We believe that for the most part the guidance is clear and unambiguous. However please see specific comments below
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	See specific comments below
Q3.	Is it clear how the guidance in the proposed ISAP relates to the guidance in ISAP 1? If not, how should it be changed?	Yes
Q4.	Is the guidance at the right level of detail? If not, what text should be omitted because it is too detailed? In what areas do actuaries need more detailed guidance?	See specific comments below
Q5.	The proposed ISAP does not currently provide specific guidance to actuaries advising the reporting entity on the information that should be included in the IFRS report to meet IAS 19's disclosure objectives (the appendix contains educational material on these disclosures). Should the ISAP be expanded to provide guidance in this area? If so, what should the guidance be?	We do not believe that guidance should be expanded to provide guidance in this area. We do not feel that an actuarial standard should attempt to interpret the disclosure objectives.
Q6.	Are there other matters that should be included in this standard on actuarial work in connection with IAS 19 Employee Benefits? Are there some included here that should not be?	See specific comments below

	General Comments on the Exposure Draft	
	<p>The draft does not distinguish between actuaries who are calculating numbers for one or more plans and those who are consolidating numbers produced by a number of other actuaries (or who are doing both). However, we didn't identify any section of the draft where this would cause difficulties .</p> <p>In relation to para 2.6.7, the assumptions might be advised by the co-ordinating actuary rather than strictly by the entity, wording could be made clearer to include this (also the co-ordinating actuary generally has the entity's authority).</p>	



Comments on specific paragraphs of the Exposure Draft		
Full paragraph reference	Change proposed to the paragraph (markup preferred)	Reason the change is needed (can be kept very brief or left blank if obvious from the change)
1.1	This seems to imply that the actuary is responsible for the presentation, completeness and appropriateness of the disclosures in an entity's pro-forma IFRS report. We do not believe this is the actuary's responsibility and suggest the last two bullets being rephrased.	
1.2	The first two sentences in this paragraph repeat the first two sentences of paragraph 1.1 - is this intended? We do not understand the relevance of the list of possible capacities in which the actuary might be acting. We believe it would be sufficient to replace the existing wording with "This ISAP provides guidance to actuaries when performing actuarial services concerning the financial reorting of employee benefit plan obligations under IAS 19.	
2.6.1bi 2.6.1.bii	We believe the wording should be changed slightly in order to clarify that the data listed is NOT an exhaustive list. Consider inserting the phrase "but is not limited to" after the word include.	
2.6.3	Whilst 2.6.3 sets out what IAS 19 should require, and practice has been moving in the direction of use of full yield curve or a simplified equivalence to the use of a full yield curve, we believe that it is more restrictive than what is actually required by IAS 19. Although actuarial guidance can make requirements as to process, we don't think it should act to change or restrict the measurement of the liability compared to IAS 19, or apply a more restrictive interpretation to actuaries advising on the discount rate than would apply to the entity directors selecting the assumption themselves.	



2.6.3.bi	Should the level of detail regarding corporate bond characteristics be kept in the final document, we suggest the second sentence on "outliers" be changed to "The actuary should consider rules for dealing with such outliers. For example..."	
2.6.4	We would suggest the words "but is not limited to" are inserted in the second sentence after "Such information may include" to clarify that the list provided is not meant to be exhaustive.	
2.6.5	The paragraph provides a list of factors for the actuary to consider, but in many cases some of those factors will not be applicable and others might be. We suggest modifying the wording in the second sentence by replacing "such as" with "which might include but are not limited to".	
2.7.4	We consider that the application of the asset ceiling deserves its own paragraph rather than being included within the paragraph on plan assets.	
2.8	We believe the example of an area of benefit attribution that might not be clear, which is included at the end of this paragraph should be deleted as it may be confusing	