



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:	Organization
Name of organization		Canadian Actuarial Standards Board
Disclosure of comments:	Please indicate if your comments should be treated as confidential, and if so why:	Our comments need not be treated as 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>	



	Specific Questions asked by the ASC	Response
Q1.	Is the guidance clear and unambiguous? If not, how should it be changed?	<p>We believe the guidance is clear, however we feel that the guidance does not add much additional value over what an actuary can obtain from IAS 19 directly or ISAP #1.</p> <p>In particular, 2.7.3 and 2.8 which advise the actuary to do things and apply their professional judgment, does not add a lot of value and therefore could be removed as there is sufficient information in IAS 19 and ISAP#1 and the implied use of professional judgment in all our work.</p>
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	<p>We believe ISAP #3 is lacking in some areas. In particular, there should be additional guidance around Plan Provisions, Admendments and Pending Amendments and the Actuaries Opinion or Certification in the external report.</p> <p>Plan provisions should cover the sources of information and potential shortcomings and how to deal with them.</p> <p>We feel the information around setting and selecting the discount rates 2.6.3 is excessive, could be interpreted as inconsistent with emerging guidance for insurance contracts and adding in content that goes beyond IAS 19.</p> <p>The accounting standard should be interpreted by</p>



Deadline: 14 March 2014

		the accounting bodies and not the actuarial bodies. While useful information, it is not clear that it is in compliance with IAS 19 and therefore should not form part of ISAP #3. The information might be better shared as an educational note rather than part of ISAP #3.
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 it is clear how ISAP #1 and #3 interrelate. There may be some duplication of information between the two standards however. For example, selecting assumptions (other than discount rate) for IAS 19 purposes are not much different than for other actuarial valuation purposes. Therefore, section 2.6 might be shortened in ISAP #3, as there is information contained in ISAP #1 regarding assumption selection.
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 our response to Q2 above. We believe the standard should remain actuarial guidance only and be clear in not interpreting accounting standards. Further guidance should be provided to actuaries on the frequency of completing full valuations versus extrapolations of prior valuation results.
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	IAS 19 itself provides significant detail in what needs to be provided for disclosure purposes and any actuary engaged to help an organization comply with IAS 19 would generally be providing



	should the guidance be?	<p>that level of detail.</p> <p>A section on the external user report could be included and in particular cover information on:</p> <ul style="list-style-type: none"> • Standard reporting language for the actuarial opinion on data, assumptions, calculations and that the report was prepared in accordance with accepted actuarial practice
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?	<p>The following could be included either in ISAP #3 or educational notes:</p> <ul style="list-style-type: none"> • Although the methods to be used for work in accordance with IAS 19 is the projected unit credit method, it would be worth covering this in more detail in ISAP #3 or an educational note, so as to provide examples and further detail as to what this means for different types of plans, in particular certain non-pension post-employment benefits • There are some terms used in ISAP #3 that are not defined in ISAP #3 but are defined in IAS 19 that should be specifically references as defined in IAS 19. For example, 2.7.2 Qualifying Insurance Policies or 2.7.4 Asset Ceiling should be noted to be as defined in IAS 19. <p>The following could be excluded:</p> <ul style="list-style-type: none"> • As outlined above, we feel the details on setting discount rates as per 2.6.3 could



Deadline: 14 March 2014

		<p>be put into an educational note and removed from ISAP #3</p> <ul style="list-style-type: none"> The details (2.5 and Appendix) on the categorization of employee benefit plans does not add value to ISAP #3. Sufficient detail appears in IAS 19 and the reporting entity if the one who provides direction so information need not be contained in ISAP #3 on this.
--	--	---

	General Comments on the Exposure Draft	
	<p>We find ISAP #3 does not provide much useful information over what can be gleaned from IAS 19 and ISAP #1 directly. ISAP #3 refers to professional judgement on many topics of which the actuary would apply judgement in any respect so seems redundant.</p> <p>As we have suggested certain sections could be removed from ISAP #3 in our responses above, we have not provided specific wording changes that we might suggest if these sections are retained.</p>	

