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:	Represent organization
Name of organization		Koninklijk Actuarieel Genootschap
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	Please follow the following instructions for filling in the template: ⇨ Do **not** write in the yellow shaded cells ⇨ Write in the white cells ⇨ When commenting on a specific paragraph: ○ 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. **Please send the completed template, renamed with the organization’s or individual’s name, attached in Word Format, to** ISAP3.ISAP.comments@actuaries.org**.**	

	Specific Questions asked by the ASC	Response
Q1.	Is the guidance clear and unambiguous? If not, how should it be changed?	Yes, the guidance is clear and unambiguous
Q2.	Is the guidance sufficient and appropriate? If not, how should it be changed?	The guidance is sufficient, however, the discount rate guidance set in paragraph 2.6.3 is very detailed.
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, the guidance is clear.
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 Q2
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?	No, according to the Royal AG this ISAP should not be expanded.
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?	Some parts of the text cover elements there are already in existing standards from the IASB or interpretations from the IFRIC. Not using the exact wordings could give new discussions or interpretation issues.

	General Comments on the Exposure Draft	

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)**
§ 2.6.3 a.iv	ISAP3 states: *"Determine a single weighted-average discount rate that produces substantially the same present value of the defined benefit obligation for disclosures in the IFRS report and other appropriate calculations (for example, net interest or service cost)."* The Royal AG emphasises that currently there are discussions about using the 1-year interest rate from the discount rate curve to calculate the interest cost instead of a weighted-average, or to use a different average discount rate for the service cost than for the full DBO (based on the same curve, but due to differences in duration). The AG Pension Committee questions of it is within the scope of ISAP3 to take a view on this discussion, rather than the IASB itself, or the IFRIC.	
§ 2.6.3 c.	ISAP3 states: *"Simplified Approach – The actuary may use a simplified approach to recommend a discount rate rather than following the general approach described in a. above. The actuary should understand the data and assumptions on which the simplified approach is based and the circumstances in which it can be applied appropriately. The simplified approach should take into account both the duration of the projected benefit cash flows and their shape (that is, whether the cash flows over time are smooth or lumpy)."* The Royal AG emphasises that presenting this option in this way could lead to a wide use of the simplified approach. Giving more preconditions for using the simplified approach could prevent this. An example would be that it needs to be impossible to construct a discount rate curve as mentioned in § 2.6.3.a. because the market in the specific jurisdiction is not deep enough. The Royal AG is of the opinion that the use of the simplified approach should be kept to a minimum.	