

Thanks for the opportunity to respond to the ED on ISAP SS. Here are my comments.

It seems the intention of the ISAP is to cover the publicly funded national retirement income schemes. However, the title and definitions (e.g. Section 2.2.1) seem to cover all social security benefits such as unemployment, single parent, sickness, disability benefits etc (I'll refer to these in the rest of this email as "working-age benefits").

Despite the title and definitions, the text in the rest of the ISAP document, in particular Sections 3 and 4, is more specifically related to retirement income schemes. E.g. from Section 3.2, the following items are not generally applicable to working-age programs

- d. Financial attributes of the SSP, such as contributions, investment earnings and assets;
- f. Number and classes of contributors and beneficiaries of the SSP;
- g. Covered salaries and past service credits

And there is no mention of any specific requirements for working age benefit type schemes. Most of page 9 (and some of p10) is also relatively specific to retirement income schemes. We would be happy for the ISAP to cover the valuation of working-age benefits. We completed a valuation for that part of the NZ system last year. If you did want to expand the scope to include them it would require some modification of the ED which could probably be handled by offering a few non-retirement income examples in a few places as well as some text that qualifies that the requirements for communication of funding, assets, investment income, balance sheets, coverage ratios etc are specific to retirement income schemes. Some other requirements might be appropriate for working-age benefit schemes.

We would be happy to assist if you wanted to take this path. Note that you would be the first. As far as we're aware there is no applicable standard (actuarial or accounting) relevant to working-age benefit valuations. The IASB did have a go at producing a draft accounting standard some time ago but gave up. I have discussed the issue of standards with the NZ Treasury representative on the IASB and I guess he would like some standards to be developed.

If you decide not to expand the scope to include working-age benefits then I believe the title and the definitions need to be amended to specifically exclude them. Otherwise I will be caught in no-man's land when the next valuation comes around. i.e. with an apparently applicable standard that is not entirely relevant.

Hope these general comments are helpful. I'd be happy to discuss them.

Kind regards

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