



ASSOCIATION ACTUARIELLE INTERNATIONALE
INTERNATIONAL ACTUARIAL ASSOCIATION

February 28, 2007

The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
545 Fifth Avenue, 14th Floor
New York, NY 10017
United States
(Email: publicsectorpubs@ifac.org)

Dear Sir,

Re: IAA comments on IPSASB Exposure Draft 31: Employee Benefits

In response to the request for comments on the Exposure Draft 31 of the Proposed International Public Sector Accounting Standard on Employee Benefits, I am pleased to transmit on behalf of the International Actuarial Association (IAA) our comments and recommendations.

These comments have been prepared by the Pensions & Employee Benefits Committee of the IAA. If, upon reading these comments, you identify any points that you would wish to pursue, please do not hesitate to contact the chairperson of the committee, Esko Kivisaari, or any of the other members of the committee. The IAA will be pleased to develop these ideas further with you.

Yours sincerely,

Yves Guérard
Secretary General

Attachment: Comments

cc: Esko Kivisaari

**A Commentary on
EXPOSURE DRAFT 31: EMPLOYEE BENEFITS
Released by the International Public Sector Accounting Standards Board: October 2006**

International Actuarial Association

The International Actuarial Association (the “IAA”) represents the international actuarial profession. Our fifty-five Full Member actuarial associations represent more than 95% of all actuaries practicing around the world. The Full Member associations of the IAA are listed in an Appendix to this statement. The IAA promotes high standards of actuarial professionalism across the globe and serves as the voice of the actuarial profession when dealing with other international bodies on matters falling within or likely to have an impact on the areas of expertise of actuaries. The IAA appreciates the opportunity to provide comments on this IPSASB document.

Due Process

These comments have been prepared by the Pensions and Employee Benefits Committee of the IAA, the members of which are listed in an Appendix to this statement. It has also been subject to the due process required for it to constitute a formal view of the IAA, and will be posted to the IAA’s official web site.

IAA Comments and General Remarks

As the IPSASB may be aware, the IASB has established a working party to review the private sector standard on accounting for employee benefits (IAS 19). The IAA will input proactively to this review through its representatives on the working party. Thus, it might be appropriate for the IPSASB to continue to confer with the IASB since ED 31 applies broadly the same principles as IAS 19 to the measurement and reporting of “second pillar” employee liabilities of public sector employing entities.

We would comment, however, that we are not clear as to which public sector entities the Exposure Draft would apply to in practice, and as importantly how the users of such accounts would utilize the pension entries when the standard (if it goes ahead) comes into force in five years time. It is therefore unclear what implications ED 31 would have for public sector employers. It would be helpful if you could share any risk assessment analysis you may have made in this regard.

The role of the actuarial profession

In accounting for benefit schemes, the actuarial risk and the actuarial techniques are often mentioned. It could be stressed that competent actuarial expertise should be used in this context. The members of the member associations of the IAA fulfill the requirements needed and could be quoted as the resource to fulfill the tasks involved.

The adoption of a mark-to-market approach for accounting for “second pillar” employee benefits in public sector employing entities is clearly a matter for the International Federation of Accountants. As actuaries and practitioners, our members may be able to assist the IPSASB in bringing to light any unintended consequences from adopting a mark-to-market standard like that of IAS 19. We would welcome the opportunity for further research and discussion of these issues with you.

Members of the IAA Pensions & Employee Benefits Committee

Esko Kivisaari	Chairperson
Yoshihiro Oyama	Vice-Chairperson
Begoña Benito Sanz	Instituto de Actuarios Españoles
Ronald Gebhardtsbauer	American Academy of Actuaries
Alfred E. Gohdes	Deutsche Aktuarvereinigung e. V. (DAV)
Gary Hibbard	Institute of Actuaries
Curtis E. Huntington	American Society of Pension Professionals & Actuaries
James Kehoe	Society of Actuaries in Ireland
Sylvestre Konin	Institut des Actuaire de Côte d'Ivoire
Martin Kosztolanyi	Slovenska Spolocnost Aktuarov
Åsa Larson	Svenska Aktuarieföreningen
Josef Lukásek	Ceská Spolecnost Aktuárù
José Roberto Montello	Instituto Brasileiro de Atuária (IBA)
José Muriel Del Sordo	Colegio Nacional de Actuarios A. C.
Takayuki Nagasawa	Japanese Society of Certified Pension Actuaries
Ieva Ose	Latvijas Aktuaru Asociacija
John P Parks	Conference of Consulting Actuaries
Neil A Parmenter	Society of Actuaries
Hannu Parviainen	Suomen Aktuaariyhdistys
Eduard Ponds	Het Actuarieel Genootschap
Stewart Ritchie	Faculty of Actuaries
Ksenija Sanjkovic	Hrvatsko Aktuarsko Društvo
K.P. Sarma	Actuarial Society of India
David Serr	Israel Association of Actuaries
Colin Leslie Southey	Actuarial Society of South Africa
Anne Grete Steinkjer	Den Norske Aktuarforening
Martin Stevenson	Institute of Actuaries of Australia
Wilfried Van Messem	Association Royale des Actuaire Belges
Joan Angel Vergés Guerra	Col.legi d'Actuaris de Catalunya
Jill M Wagman	Canadian Institute of Actuaries
Ulrich Wehrli	Association Suisse des Actuaire

Full Member Associations of the IAA

Consejo Profesional de Ciencias Económicas de la Ciudad Autónoma de Buenos Aires (Argentina)
Institute of Actuaries of Australia (Australia)
Aktuarvereinigung Österreichs (AVÖ) (Austria)
Association Royale des Actuaire Belges (Belgique)
Instituto Brasileiro de Atuária (IBA) (Brazil)
Canadian Institute of Actuaries/Institut Canadien des Actuaire (Canada)
Institut des Actuaire de Côte d'Ivoire (Côte d'Ivoire)
Hrvatsko Aktuarsko Drustvo (Croatia)
Cyprus Association of Actuaries (Cyprus)
Česká Společnost Aktuárů (Czech Republic)
Den Danske Aktuarforening (Denmark)
Egyptian Society of Actuaries (Egypt)
Eesti Aktuaaride Liit (Estonia)
Suomen Aktuaariyhdistys (Finland)
Institut des Actuaire (France)
Deutsche Aktuarvereinigung e. V. (DAV) (Germany)
Hellenic Actuarial Society (Greece)
Actuarial Society of Hong Kong (Hong Kong)
Magyar Aktuárius Társaság (Hungary)
Félag Íslenskra Tryggingastærðfræðinga (Iceland)
Actuarial Society of India (India)
Persatuan Aktuaris Indonesia (Indonesia)
Society of Actuaries in Ireland (Ireland)
Israel Association of Actuaries (Israel)
Istituto Italiano degli Attuari (Italy)
Institute of Actuaries of Japan (Japan)
Japanese Society of Certified Pension Actuaries (Japan)
Latvijas Aktuaru Asociācija (Latvia)
Lebanese Association of Actuaries (Lebanon)
Persatuan Aktuari Malaysia (Malaysia)
Colegio Nacional de Actuarios A. C. (Mexico)
Het Actuarieel Genootschap (Netherlands)
New Zealand Society of Actuaries (New Zealand)
Den Norske Aktuarforening (Norway)
Pakistan Society of Actuaries (Pakistan)
Actuarial Society of the Philippines (Philippines)
Polskie Stowarzyszenie Aktuariuszy (Poland)
Instituto dos Actuários Portugueses (Portugal)
Academia de Actuarios de Puerto Rico (Puerto Rico)
Singapore Actuarial Society (Singapore)
Slovenska Spoločnosť Aktuarov (Slovakia)
Slovensko Aktuarsko Drustvo (Slovenia)

Actuarial Society of South Africa (South Africa)
Col.legi d'Actuaris de Catalunya (Spain)
Instituto de Actuarios Españoles (Spain)
Svenska Aktuarieföreningen (Sweden)
Association Suisse des Actuaires (Switzerland)
Actuarial Institute of the Republic of China (Taipei)
Faculty of Actuaries (United Kingdom)
Institute of Actuaries (United Kingdom)
American Academy of Actuaries (United States)
American Society of Pension Professionals & Actuaries (United States)
Casualty Actuarial Society (United States)
Conference of Consulting Actuaries (United States)
Society of Actuaries (United States)