From: david.robertson@aca.org.uk
To: Asbcomment Letters;
cc: richard.davis@uk.pwc.com; "Keith Barton";
Subject: ACA response to ASB pension accounting consultation
Date: 15 July 2008 16:25:13

Dear Sirs

Review of Pension Accounting Standards

I am writing to explain the reasons why, on this occasion, the **Association of Consulting Actuaries (ACA)** has chosen not to make a formal response to the above Consultation Document.

This was a discussion paper intended to air some of the issues which the IASB will need to consider when it takes forward phase two of its review of IAS 19. However, many of these need to be looked at not simply from a pension perspective but, as the paper points out, consistently with the accounting for other assets and liabilities, many of which are equally long term and no less uncertain. Singling out pensions without moving to consistency with those other topics can only lead to distortion.

Our view is that the most important aspect is that the accounting is understood not misunderstood. Whether we use cash accounting, SSAP 24, FRS 17 or the proposals put forward in the discussion paper does not change the nature or extent of the employer's obligations, the challenge is to ensure that this fact is not lost behind a particular basis being used for the accounting. Each of these accounting models simply represents a snap shot view which does not convey all the details behind a particular pension promise.

When the principles which the IASB will apply to the measurement of assets and liabilities become clearer the ACA will contribute to the debate around how those principles should be applied to pension obligations and how to communicate the nature and extent of those obligations, particularly as the form of benefits changes with the increased sharing of risks between employers and members.

Yours sincerely

Richard Davis

Chairman

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