



ASSOCIATION ACTUARIELLE INTERNATIONALE INTERNATIONAL ACTUARIAL ASSOCIATION

Date: 6 July 2012

To: Presidents and Council Delegates of IAA Full Member Associations
Presidents and Council Representatives of IAA Associate Member Associations
Representatives of IAA Institutional Members
Representatives of IAA Observer Members

Copy: Correspondents, IAA Full and Associate Member Associations

From: Interim Actuarial Standards Subcommittee (IASSC) of the Executive Committee

Re: Draft of a Statement of Intent to issue an International Standard of Actuarial Practice on IAS 19 Employee Benefits

We are pleased to attach a discussion draft of a Statement of Intent (SOI) to issue an International Standard of Actuarial Practice (ISAP) on actuarial services performed in connection with IAS 19 Employee Benefits.

For employers preparing financial statements under IFRS ('Reporting Entities'), IAS 19 prescribes employers' accounting and disclosure requirements for their employee benefits (that is, most forms of consideration given by a Reporting Entity in exchange for service rendered by employees). Reporting Entities commonly retain actuaries to provide advice on the choice of assumptions, calculate reported amounts and draft disclosures related to their defined benefit post-employment benefits (such as pensions, retiree health care and retiree life insurance benefits), other long-term employee benefits, and termination benefits.

ISAPs are model standards intended to be suitable for adoption by IAA Member Associations, in particular those who are standard setters, and other actuarial standard-setting organizations, who wish to do so. It is the IAA's intent that publishing model international standards will encourage the creation, and facilitate the convergence, of national actuarial standards.

Need for an ISAP

The need for a model standard on actuarial services in connection with IAS 19 is threefold:

- Actuaries whose clients or employers are moving to IFRS reporting may ask their Member Associations for guidance in this area.
- Reporting Entities and users of their financial statements are focusing more attention on IAS 19 reporting because of the size and volatility of the liabilities and assets involved.

- The IAA has recently signed a Memorandum of Understanding with the International Accounting Standards Board (IASB). The IAA aims to support the work of the IASB in achieving comparable financial reporting internationally. A crucial project in support of this aim is the production of an ISAP to set standards for actuaries providing services in relation to IAS 19.

Request for comments

This SOI has been drafted by the IAS 19 Task Force of the Interim Actuarial Standards Subcommittee (IASSC) of the IAA Executive Committee (EC).

We are open to all comments and questions and are particularly grateful for comments in these areas:

- 1) Do you agree an ISAP is needed on actuarial services in connection with IAS 19?
- 2) Are any of the proposed topics inappropriate for inclusion in an ISAP? If so, please explain why the particular topic should not be included in the ISAP.
- 3) What other topics should be included in the ISAP? Please cover why you wish guidance in this area and if appropriate provide an example to illustrate the issue. Please note, the ISAP is not intended to address unique, country-specific issues (such as particular tax levies) – instead, local member associations should address such issues by adding guidance to the model ISAP before adoption.

Next Steps

We ask you to distribute this draft SOI (located under Publications on the IAA Website) widely within your organization. The deadline for comments on this discussion draft is 1 October 2012.

Comments (from your organization or your members) should be addressed to SOI.comments@actuaries.org with “IAS 19” in the e-mail header.

The preferred format for submitting comments is e-mail or an MS Word (or equivalent) attachment. All comments will normally be posted to the International Actuarial Association website identifying the commenter(s). However, in exceptional cases, in response to a request which the IAA Secretariat is satisfied is for a valid reason, comments may be either posted to the website anonymously or withheld from the website.

For your convenience, we have included the three questions listed above in the attached link <http://www.zoomerang.com/Survey/WEB22G6QCX5Q4N> and left a space for further comments.

Thank you in advance for your attention to this matter. The IASSC and its IAS 19 Task Force look forward to your response.