



AMERICAN BENEFITS
COUNCIL

May 30, 2014

Delivered by e-mail to eschulty@soa.org

Society of Actuaries
Attn: Erika Schulty
475 N. Martingale Road
Suite 600
Schaumburg, IL 60173

RE: RP-2014 Mortality Tables and Mortality Improvement Scale MP-2014

Dear Ms. Schulty:

The American Benefits Council (the "Council") appreciates the opportunity to comment on the following Exposure Drafts: RP-2014 Mortality Tables and Mortality Improvement Scale MP-2014. Those documents reflect a tremendous amount of hard work and the Society is to be commended on its dedicated service with respect to the pension plan system.

The Council is a public policy organization representing principally Fortune 500 companies and other organizations that assist employers of all sizes in providing benefits to employees. Collectively, the Council's members either sponsor directly or provide services to retirement and health plans that cover more than 100 million Americans.

As a public policy trade association, it is not our role to provide comments to the Society on the actuarial work underlying these Exposure Drafts or on the conclusions drawn from that work. Rather, our purpose in writing is to highlight an important process issue for the Society's consideration because of the level of concern it has generated for our members.

The Council's members include actuaries from numerous large and small firms, as well as actuaries who are employed in-house within several of our major plan sponsor companies. In this regard, we have become aware of different views

within our membership on the Exposure Drafts and many have raised significant concerns regarding the Exposure Drafts. Broadly speaking, the concerns fall in two categories. First, there is a concern that too much data was disregarded in compiling these Exposure Drafts and the data not taken into account could well have made a material difference. Second, that the Improvement Scale is, by definition, speculative. In that context, there is concern that the language of Mortality Improvement Scale MP 2014 overemphasizes the use of the Society's projections and underemphasizes needed flexibility for actuaries to exercise their professional judgment regarding future mortality improvements.

We want to emphasize that the Council is not commenting substantively on the concerns that have been raised to us. Moreover, as you know, it is unusual for the Council to comment on the process followed by another organization in developing its conclusions. But it is precisely because of the very high regard we hold for the Society, and the deference accorded to the Society by policymakers who rely upon its expertise, that we bring to your attention the extensive comments we have received. Consequently, we urge the Society to do everything possible to attain maximum consensus within the actuarial community before finalizing the studies.

These studies, when finalized, will be part of a critical dialogue with the Treasury Department and the Internal Revenue Service, as they consider what assumptions to mandate for funding, benefit restrictions, Pension Benefit Guaranty Corporation premiums and related purposes. The Council is concerned that if the final studies do not respond to the concerns raised, the dialogue with the government could become very divisive, as many actuaries and their representatives highlight for the government unanswered concerns about the process used by the Society to reach its conclusions.

The studies will also be a very significant factor in determining the value of plan liabilities for financial reporting purposes. Again in this context, if concerns about the studies are not answered, the same type of divisiveness could arise, with many actuaries actively critical of their own profession's work in discussions with plan sponsors' auditors.

A debate about the validity of the Society's process will distract from the important dialogue that is needed on substantive matters. The actuarial community obviously plays a central role in the functioning of the defined benefit plan system. A divisive debate among that community on an issue that will have such a dramatic effect on the system will only serve to cast doubt on the system itself. The confidence of plan sponsors in actuarial services is also part of the foundation of the system and this confidence would not be well-served by disagreements over process. Finally, a debate over process might undermine to

some extent the government's longstanding reliance on the actuarial community's impartial expertise.

We are not asking that you respond to every concern. Nor do we request any specific substantive change. We respectfully urge the Society take the steps necessary to respond to those who question the process, both with respect to whether too much potentially valuable data was disregarded and with respect to the concern that the Exposure Drafts are overly prescriptive regarding speculation on future mortality improvements.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in cursive script that reads "Lynn D. Dudley". The signature is fluid and elegant, with the first letters of each word being capitalized and prominent.

Lynn D. Dudley
Senior Vice President,
Global Retirement
& Compensation Policy