



AMERICAN ACADEMY *of* ACTUARIES

March 22, 2002

International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Gentlemen:

The Pension Accounting Committee of the American Academy of Actuaries has reviewed the proposed amendment to International Accounting Standard (IAS) 19 addressing the Asset Ceiling contained in that Standard. We believe that the need for the proposed amendment results from the broader issue of whether or not there should be an asset limitation in the Standard and if so, how that limit is constructed. While we understand that this is not the time or the forum to discuss this broader issue, we wanted to make our view known that the asset ceiling, with numerous complications, brings into question the ability of the financial statement reader to truly interpret the results produced by its application. We also have serious concerns about how it is constructed. We encourage the International Accounting Standards Board (IASB) to reconsider this aspect of IAS 19 in any future changes to the Standard.

Given the present format of IAS 19 and the asset limitation provisions in the Standard, we agree that there is an unintended anomaly and that the proposed amendment will in fact address that anomaly. It does, however, add to the complexity of the Standard for those entities that find themselves in a surplus position. We are concerned about this complicated structure and we question the whole concept of the asset limit, but we are in agreement that the proposed amendment will address the limited concern raised by the IASB.

Very truly yours,

Dennis M. Polisner
Chair, Pension Accounting Committee
American Academy of Actuaries