



Tel: 203 861-5530 • Fax: 203 861-5531

September 29, 2011

Director of Research and Technical Activities  
Governmental Accounting Standards Board  
Project 34-E  
401 Merritt 7, P.O. Box 5116  
Norwalk, Connecticut 06856-5116

Re: Comments on Proposed Statement of the Governmental Accounting Standards Board  
*Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*

To The Director of Research & Technical Activities, Project No. 34-E:

Winklevoss Technologies, LLC appreciates the opportunity to comment on the Governmental Accounting Standards Board's Proposed Amendment of Statement No. 27. We support the GASB's objective of having the information reported by sponsors of pension plans be consistent and transparent and are supportive of the proposed amendment in general. We would like to comment on a single issue: the determination of the weighted average expected remaining service life of active employees defined in paragraph 28a(4)(b).

Paragraph 28a(4)(b) requires that the differences between expected and actual experience plus the impact of any assumption changes, to the extent they relate to active employees, be amortized "over a closed period that is representative of employees' expected remaining service lives." This closed period is required to be "weighted to approximate the aggregate result that would be obtained if such changes in each active employee's total pension liability were recognized separately over that employee's expected remaining service life." Thus, we interpret the desired result as requiring the following steps:

- (1) For each active employee, determine the difference between expected and actual experience plus the impact of any assumption changes.
- (2) For each active employee, divide the amount in (1) by the employee's expected remaining service life.
- (3) Sum the values determined in (2) for all active employees.
- (4) Calculate the weighted average expected remaining service life as the total change in liability divided by the total calculated amortization amount determined in (3).

While we support the idea that recognition should be over a closed period that is representative of the expected remaining service, applying a weighting factor of this nature adds a great deal of cost and complexity. The most difficult aspect of the calculation of a weighted average expected remaining service is determining the individual "weights" (i.e. the change in liability attributable to the difference between expected and actual experience on an individual basis plus the impact of any change in assumptions). This calculation cannot be accomplished in a single pass of a

Director of Research and Technical Activities  
September 29, 2011  
Page 2

valuation. In order to determine the liability due to difference in actual versus expected experience, individual results from both an expected valuation and an actual valuation would be required to determine the weights, and the weights would subsequently need to be applied individually to each active employee's expected remaining service. Similarly, an assumption change would require additional valuations and calculations. For a large governmental plan with hundreds of thousands of lives, this will significantly slow processing and possibly require a great deal of manual intervention if the weights need to be determined outside of the valuation system.

Paragraph 126 addresses the Board's consideration of the long-term, ongoing nature of governments with respect to measurement of liabilities and recognition of pension expense. Considering this long-term nature, we strongly recommend using an un-weighted average expected remaining service in lieu of a weighted average expected remaining service. An un-weighted average will serve the same purpose to recognize all of the change in liability over the approximate average lifetime of employees in a much more cost and time efficient manner.

We welcome the opportunity to discuss this further with the GASB in the event that we have misinterpreted the intent of the statement or could otherwise benefit from the GASB's insights.

Respectfully submitted,



Joanne Ouchterloney, FSA, EA  
Winklevoss Technologies, LLC  
[joucherloney@winklevoss.com](mailto:joucherloney@winklevoss.com)  
(203) 861-5510

Winklevoss Technologies is the leading provider of third party valuation software for pension and OPEB plans in the U.S.