

Mr. Hans Hoogervorst  
Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UNITED KINGDOM

Brussels, 21 November 2011

Dear Mr. Hoogervorst,

**The Institute of Actuaries in Belgium Comments of IASB Agenda Consultation 2011**

The Institute of Actuaries in Belgium (IA|BE) welcomes the opportunity offered by the IASB to comment its agenda-setting procedures.

**Question 1. What do you think should be the IASB's strategic priorities, and how should it balance them over the next three years?**

We globally agree with the categories identified and the five strategic areas within them. The development of financial reporting and the maintenance of existing IFRSs are key points of attention. We appreciate the harmonisation efforts that are undertaken through all IFRSs and across the different sets of agreed accounting principles (IFRS, USGAAP, ...). We also encourage the IASB and Staff to remain very responsive to implementation issues.

**Question 2. What do you see as the most pressing financial reporting needs for standard setting action from the IASB?**

In this respect as an actuarial society, we are currently dealing with the revision of IAS 19 *Employee Benefits*. This motivates our answer to Question 2(b)

***Question 2(b). Which of the projects previously added to the IASB's agenda but deferred do you think should be reactivated, and why?***

**Post-Employment Benefits Project**

The Post-Employment Benefits (incl. pensions) has recently led to the issue of an amendment to IAS 19. In the spirit of the revision process, this amendment was meant to be the first step of a comprehensive revision. The document remains however very vague about the future of a possible second phase, and even about the existence of this second phase (no project suggestion in the table of Appendix C of the same document).

Without any further revision, in our opinion, the process would be incomplete and potentially hamper the *faithful representation principle* of the financial statements, for the following reasons:

- The measurement method needs revision: with the suppression of the so-called corridor rule, reporting entities are left with a measurement method for typically long-term liabilities leading to significant short-term volatility in the balance sheet.

The adapted measurement method should recognise the long-term nature of the obligation. For example, under IAS39-IFRS9, typically held-to-maturity Financial Instruments may not be measured at fair value but instead, the amortised cost method (resulting in a more stable accounting valuation, in line with their purpose) may be used. In particular:

- The current financial turmoil emphasises the importance of the discount rate. In this respect, we welcome the idea of tackling this issue in a uniform way through all IFRSs.
- Beyond the descriptive information requested in the disclosures, the risk-mitigation effect of some ALM policy followed by the plan should have an impact on the amounts recognised.
- The actuarial method (based on the so-called *Projected Unit Credit* actuarial method) and the attribution method of benefit to years of service (based on the plan's benefit formula) is also worth being re-discussed. This was one of the planned objectives of the revision project.

- No decision has been taken about *contribution-based promises*. The IASB already acknowledges the need for an adapted accounting treatment for this category of promises. For these plans, the use of measurement and recognition methods originally developed for classical defined benefit plans may also lead to somewhat unreliable information in the financial statements.

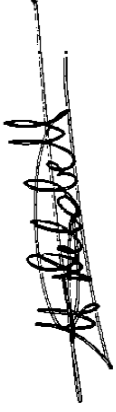
As many commentators to the IAS 19 amendment exposure draft, we globally agree with the decisions taken in the amendment, *provided that* a second phase follows at short

notice. Stated differently, the amendment may have some undesired effects on the financial statements that were expected to be corrected by the Phase II. It is therefore requested that this Phase II takes place... as soon as possible because the amendment becomes effective as from 2013.

We would therefore recommend the Board to consider the activation of the second phase of the IAS 19 revision in order to circumvent some of the known side-effects resulting from the enforcement of the June 2011 amendment as well as to solve already longstanding issues and improve consistency between the financial statements.

We thank you again for giving us the opportunity to take part to your agenda setting process, we remain

Sincerely Yours,

A handwritten signature in black ink, appearing to read 'Heidi Delobelle', written over a horizontal line.

Heidi Delobelle  
President of the IA|BE