

2. General information about the respondent

1. Please tell us:

Your name:

Alf Gohdes

Email address:

alf@gohdes.eu

If you are responding for an organisation, please indicate the name and type of organisation and a short description of activity/industry:

n.a.

Job title/role:

n.a.

Country:

Germany

Please state which country:

2. Main countries of operation:

I have served for a little over 40 years as a consulting actuary, most of my working life for Willis Towers Watson in the UK, Germany and Austria.

3. General questions

3. Do you have suggestions on how EFRAG could substantiate the influence of its Research activities in general, and individual projects in particular, on the IASB's work?

I would assume that continued diligent and professional work together with nurturing of personal contacts would be the basis of any influence.

4. What is your assessment on the use of evidence by EFRAG in its recent Research? Do you have suggestions on how to improve it?

4. List of potential topics

5. For each project listed above, please indicate how important or urgent you consider it to be for European constituents (5 being most important) and how likely you consider that the project could reach a useful conclusion within a reasonable time frame (5 being most likely).

	Importance to European constituents	Likely to reach a useful conclusion in time
Better information on intangible assets		
Cryptocurrencies		
Derecognition		
Transaction-related costs		
Variable and contingent payments	3	4

6. Please provide any additional comments or explanation of your rating for the projects listed above.

I only have an opinion in respect of the last point - and there narrowed down to defined benefit retirement benefits provided by employers.

7. Are there other topics that you advise EFRAG to add to its Research agenda? If so, please provide a description of the topic and what the objective of an EFRAG Research project should be.

I suggest that a specific issue should be addressed by the IASB - namely that of determining the interest cost component (or net interest) of pension cost. I am happy to provide a paper on the subject if asked for (or if the opportunity is given in the course of answering this survey).

The issue at stake is that of discounting and its unwinding under IAS 19 (the accounting standard for employers' accounting for defined pension plans). There are essentially three main approaches to unwinding the discount.

Of the three main approaches used in modern practice, namely the Traditional Approach (TA), the Spot Rate Approach (SRA) and the Forward Rate Approach (FRA), the FRA is closest to fulfilling the best estimate requirements of IAS 19. If it is accepted that the Expectations Theory on the term structure of interest rates is of little or no practical relevance (and most academics believe this to be so), then the SRA is the only approach that is systematically biased. Although one assumption underlying the TA, namely that the expected future benefit cashflows to pension fund members are in a stationary state, is unlikely to be fulfilled, the approach can continue to serve as a practical expedient because it is not systematically biased.

Since the SRA appears to be more granular and therefore "more exact" than the TA, its use under US GAAP has ballooned in recent years, even though the FASB has yet to approve the approach.

I consider it important for the IASB to consider it.

6. Thank You!

New Send Email

Apr 26, 2018 10:06:44 Success: Email Sent to: cristina.rodriguez@efrag.org

New Send Email

Apr 26, 2018 10:06:44 Success: Email Sent to: alf@gohdes.eu