

Accounting for Social Insurance

I have read the Preliminary Views and believe it was very well written and presented the material in an objective manner.

There seems to be two basic premises that underlie the proposed statement of accounting for social insurance;

That social insurance is like other programs and therefore a liability should be recorded like other liability of the Government

Actuarial projections are an accurate measurement of the liability.

I do not think social insurance is like any other Government programs. In theory, the Government could also record a liability for the future cost of its primary mission, defense. Or the future cost of maintaining its monuments, parks or its other assets. Hence I do not think a long term liability should be recognized for social insurance.

A projection of the results of anything beyond three years is probably just a good guess. There are so many variables in projecting the future cost of social insurance that it might not even qualify as a "good guess". These variables include such things as the birth rate, death rate, eligibility, inflation, interest rates and so on. And these variables are projected over a very long period of time. So I believe they are not worthy or accurate enough to be booked

The majority view is very logical and seems to be supported in abstract theory but not practical. Evidenced when you see that huge number on the balance in relation to the rest of the financials. How can the public ever understand such a presentation?

Accordingly I favor and support the Alternative View.

Sincerely

John A Favret