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Wrapping This Up or Moving to the Next Stage? Risk Strategies Pertaining to the Many and Diverse Risks Found in Retirement

By John Cutler



One of the joys of working with the Society of Actuaries is that I have been an active member of the SOA's Committee on Post-Retirement Needs and Risks for several years. (Kudos to Anna Rappaport who encouraged the SOA to address post-retirement issues, leading to the formation of the group and who has been chairing it for years.)

This last year I served as chairperson for the Project Oversight Group for the committee's call for essays on the topic of diverse risks and the strategies people use in retirement to handle them. While a great deal of information is available about the challenges caused by these risks, there are major gaps in knowledge and actions to address them. These issues have become much more complex as the retirement system has focused more on DC plans. The goal of the essay contest was to explore the kinds of solutions that might be available to address those risks and to encourage more focus on dealing with risks in a DC environment. The use of DC plans makes it easy to overlook many of the risks.

This issue of *Pension Section News* wraps up the publication of the essays accepted in the fall of 2015 after the committee first issued the call. They have been published in three issues of *Pension Section News*, and this completes the publication. To restate, the three major topic areas were: (1) defined contribution plan risk management strategies; (2) decumulation strategies for retirement; and (3) long-term care financing.

In October 2016, at the 2016 SOA Annual Meeting & Exhibit, the committee hosted three sessions to bring these essays to the wider actuarial community as well as get some reactions to the suggestions found in the essays.

For me, there were two overall impressions from the annual meeting. First, was on how many essays centered on the topic of decumulation. Some focused on what people should be doing. Others focused on employer-sponsored benefit programs.

The second impression is that the notion of bringing these essays to the annual meeting was a success. By that I mean the authors and the members of our committee got as much from the audience as we gave to them in terms of information. In the last session—which otherwise stood between our audience and their flights home—we had an engaging debate about what happens to social programs (Medicaid for instance) in all this talk about retirement planning.

IMPRESSIONS FROM THE OTHER SESSION MODERATORS

Carol Bogosian (Session on The Big Picture of Risk Management in a DC World)

The audience was able to obtain ideas for DC plans such as designing DC plans better for “humans,” regulatory needs to

allow better optimization of DC plans and thought processes individuals can use to aid them in their path to a better retirement outcome.

Cindy Levering (Session on Decumulation Strategies for Retirement)

I think the audience liked that these essays contained not only rigorous actuarial analysis and survey results but also practical ideas and tools that the average person could relate to. In particular, the worksheets developed by Chuck Yanikoski for determining which assets to liquidate are accessible to a broad group of retirees who may not have access to an advisor. Steve Vernon's chart comparing various retirement income generators can be used to create logical approach to designing a decumulation strategy. Elizabeth Bauer offered some thought-provoking public policy ideas to promote annuitization.

Andrea Sellars (Session on Important Issues in Risk Management: Public Policy and Longevity Risk, Long-Term Care, and Retirement Age)

Evan Inglis' prize winning essay "The 'Feel Free' Retirement Spending Strategy" drew several questions around the level of assets needed to make the strategy effective and how the strategy compares to other spend down strategies used in the

market, e.g., the 4 Percent Rule and the Required Minimum Distribution. One other question from the audience that stood out involved John Turner's longevity proposal and the fact that a public/private long-term care solution will need to be integrated with Medicaid and Medicaid eligibility.

Publication of the essays is just one step. They contain many ideas that can be developed further and are a platform for action. We hope that all of the readers will look at the essays and take action or contact the authors, as they see fit. Thanks, again, to all those on the diverse risks committee! ■

For all the essays, go to <https://www.soa.org/News-and-Publications/Publications/Essays/2016-diverse-risk-essays.aspx>.

The views expressed here are solely those of the author in his private capacity and in no way represent the views of the National Academy of Social Insurance or any other organization with which he is affiliated.



John Cutler, J.D., is a senior fellow at the National Academy of Social Insurance as well as special adviser to the Women's Institute for a Secure Retirement (WISER). He is also a consultant since retiring from the federal government in 2015 and has several clients involved in LTC/LTSS reform efforts. He can be reached at johncutler@yahoo.com.