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More Ideas from the Financial Wellness Essay Collection: Please Add to the Dialogue

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In the last issue of *Pension Section News*, you were introduced to the online monograph featuring the financial wellness essays available at <https://www.soa.org/News-and-Publications/Publications/Essays/2017-financial-wellness-essay-collection.aspx>. The first-place essay was also published in that issue.

Two more essays have been selected for publication in this issue, and I hope they will start a dialogue among SOA members.

The first essay is “Fighting Procrastination for Financial Wellness—Harness the Power of Inertia” by Tianyang Wang. Many of us are aware that it is difficult to get people to act. It is easy to say that we should save more but hard for many people to do it, just as it is easy to say that we should lose weight but hard to do it. This essay provides ideas about getting people to

act. I hope that the readers of this essay will provide discussion and ideas.

The second essay is “The 401k as a Lifetime Financial Wellness Solution” by Jack Towarnicky. Jack provides us with ideas for modifying the 401(k) system in the future. This is an important issue for pension actuaries. I hope this essay will inspire many of you to submit your suggestions for changes to the system and that it will start a good discussion. Here are some questions to think about:

- To what extent should the system be a retirement system versus a lifetime savings system?
- Under what circumstances should participants be able to withdraw funds?
- What would make plans more attractive to people who do not save?
- What would prevent leakage?
- What concerns would you have in enlarging the role of 401(k) plans beyond retirement preparation?

Financial wellness is a topic that is getting more attention every year. The essay collection includes 14 essays on a variety of topics. Comments on all of the other essays are also welcome.

To participate in these discussions, you can use SOA Engage or LinkedIn or submit a short article to *Pension Section News*. ■



Anna Rappaport, FSA, serves as chairperson of the Committee on Post-Retirement Needs and Risks (aka the Committee on Post-Retirement Risk).

ON THE RESEARCH FRONT



Discount Rate Sensitivities in Pension Plans

The SOA and the Canadian Institute of Actuaries (CIA) developed a research report on the relationship between discount rates and pension liabilities. The report examines demographic characteristics of pension plans, and other factors, to establish simple rules for estimating liability over a wide range of discount rates. Canadian retirement research actuary Doug Chandler, FSA, FCIA, discusses the report “Discount Rate Sensitivities in Pension Plans” in his recent podcast. His research examines the means of assessing discount rate sensitivity. Access the report and listen to the podcast.

<https://www.soa.org/resources/research-reports/2017/discount-rate-sensitivity/>

Adverse Deviations in Pension Plans

The SOA and CIA developed a research report on provisions for adverse deviations (PfAD) in pension plans due to economic factors. The report examines PfADs as a percentage of best estimate liabilities, for a range of plan designs, confidence levels and investment strategies.

<https://www.soa.org/research-reports/2017/adverse-deviations-actuarial-valuations/>