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Alan Cooke

Editorial

# THE CHANGING RETIREMENT BUSINESS

BY ALAN COOKE

**POSSIBLY NO OTHER** single area of actuarial activity has undergone as much change and offered as many opportunities for actuaries in the past 50 years as the retirement industry. The role that actuaries have played and continue to play in helping to provide retirement solutions is significant. In this special theme issue of *The Actuary*, we have included articles that discuss and illustrate retirement solutions to the current challenges of increased longevity, low interest rates, the shift away from defined-benefit pension plans and the changing nature of the employment relationship. We have attempted to bring an international perspective to these articles, and they have been written to appeal to a broad audience, rather than just to pension actuaries.

The first article by Anna Rappaport looks at the considerations for when and how people retire, programs that help people phase into retirement and related policy issues. We hope that the article will encourage actuaries to contemplate these issues, take an active role in thinking about what changes are needed to adjust to emerging demographics and advocate for important changes in retirement policy.

In his article, Rich Berger provides a historical view of the pension business by sharing his personal experiences as a pension actuary working in the defined-benefit pension field from the 1970s to the present day. Rich also provides his perspectives on future opportunities for actuaries in the pension business.

Our other two feature articles discuss the different ways that sponsors of defined-benefit pension plans are currently mitigating the risks of providing their plans. The article by John Turner, Conrad Ferguson, Rajish Sagoenie and Mark-Anthony Macharia focuses on innovative plan designs around the world that share risks between employers and employees; the article by Amy Kessler and William McCloskey illustrates the increasing use of insured solutions to address interest rate and longevity risks.





In addition to the authors of the articles, I would like to add a special thanks to Carl Hansen, who was the co-editor of this issue. Carl contributed significant amounts of his time and provided valuable insights in the review of the articles submitted for publication.

While assembling the articles for this issue, I reflected upon the changes I personally

witnessed in the retirement business as a longtime pension actuary. My first job was at an insurance company helping employers transition the funding of their pension plans from the fully guaranteed group annuity arrangements that they had purchased during the low-interest-rate environment of the 1950s to more flexible managed fund arrangements. This change in funding vehicles was accompanied by the rise of the consulting firms to reduce the insurance companies' previous domination in the provision of actuarial, administration and investment services for pension plans. I personally experienced this latter change, initially as a client of a pension consulting firm and then as an international pension consultant.

After more than 40 years in the business, the insurance industry has strongly re-established itself as a provider of retirement solutions both for defined-benefit and defined-contribution plans. We have gone full circle in some respects.

We hope that you will enjoy this issue of *The Actuary*, and we welcome your feedback at [theactuary@soa.org](mailto:theactuary@soa.org). **A**

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