

# EDUCATION AND EXAMINATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

SPRING 2013

## RETIREMENT BENEFITS—COMPANY/SPONSOR PERSPECTIVE (CSP)—U.S.

### INTRODUCTORY STUDY NOTE

1. The Retirement Benefits—Company/Sponsor Perspective examination for Spring 2013 will be given on **Friday, May 3rd, from 8:30 a.m. –1:15 p.m.** The examination will consist of four and one-half hours of written answer questions. The first 15 minutes of the exam session will be a read-through before the actual 4.5 hours of writing begins.

2. **Learning Objectives**

The candidate should be very familiar with the Learning Objectives. The Learning Objectives describe what is expected from candidates who complete this exam and, therefore, were the first ingredient in developing the syllabus. You will notice that candidates are expected to “analyze,” “explain,” “calculate,” “apply,” etc. These skills represent the level of cognitive ability that is expected from CSP candidates, and **exam questions will be established and candidate’s responses will be evaluated with these specific skills in mind.** While studying the syllabus material, candidates may want to refer back to the Learning Objectives to remain focused on the goals of this exam.

3. In order to attain Fellowship in the SOA in the Retirement Benefits Track, candidates must successfully complete both the Design & Pricing (DP) Exam and the Company Sponsor Perspective (CSP) Exam administered by the SOA. Both of the exams cover topics that are applicable to defined benefit and defined contribution retirement plans, executive benefit plans and retiree health plans. Specific topics included in both the DP and CSP exam cover items such as valuation, plan design, plan funding and investment, practice standards and regulation.

While there are broad retirement topics that have common ground between the DP and CSP exams, the focus of the DP and CSP exams is quite different. The DP exam is intended to cover the basics of: plan design for both broad-based and executive retirement benefit plans, plan valuation, assumption setting, regulation and plan assets held for investment. In the US, portions of these topics are not included on the DP exam, but are rather covered as part of the Enrolled Actuaries examinations.

Many of the topics identified as applicable to the DP exam are also included in the material for the CSP exam. In fact, there are a number of syllabus references that are common to both the DP and CSP exam. The CSP exam, however, is designed to approach these broad retirement topics within the context of a plan sponsor’s particular situation, with particular emphasis on the risks associated with a given approach that a sponsor may choose to take. Also, since the publication and management of financial statements is the responsibility of the plan sponsor, the financial statement accounting requirements associated with retirement plans are logically part of the CSP exam syllabus.

To illustrate the different focus of the DP and CSP exams, consider the topic of “hybrid” plan design. An appropriate DP examination question would be to ask for a description of the unique features of the various forms of hybrid plans, or for a comparison of hybrid plans to traditional defined benefit or defined contribution plans. For the CSP exam, an appropriate question would be to ask for an

assessment of the financial risks to plan participants of a hybrid design versus a traditional defined benefit or defined contribution plan, or to ask about specific accounting valuation issues unique to hybrid plans.

The following link shows a recommended FSA module/exam sequence for the Retirement Benefits track: <http://www.soa.org/Education/Exam-Req/edu-fsa-recommended.aspx>

This order is NOT mandated. Each candidate will determine the appropriate sequence based on factors including readiness to sit for an exam, exam administration schedules, or study time available. Although neither of the FSA retirement modules nor the DP exam are prerequisites for the CSP exam, please keep in mind that questions for the CSP exam will be set assuming that candidates have a basic familiarity with the general topics and concepts that are covered in the FSA retirement modules and the DP exam.

In the US, successful completion of the Enrolled Actuaries (EA) exams administered by the Joint Board for the Enrollment of Actuaries is required in order to attain the FSA designation in the Retirement Benefits Track. The EA exams can be completed at any time during the above sequence. The syllabus of both the US DP and US CSP exams is set with the intention of being independent of the EA exam syllabus. Examination questions for both the US DP and US CSP exams are set without any reliance on the EA exams as a prerequisite.

4. Any changes in the Syllabus for this exam will be published under “Updates” in this exam’s home page on the SOA Web site.
5. The Syllabus material includes textbooks, online readings, as well as the study notes listed below. A complete listing of the Syllabus and Learning Objective is located in this exam’s home page on the SOA Web site. Items marked with an asterisks (\*) are all included in the Revision set of Study Notes.

CODE	TITLE
	Retirement Benefits Case Study–U.S. <b>(available on the syllabus page of the SOA Web site)</b>
R-C30-12	SOA Webcast Material with CD: IAS 19–Changes to Pension Accounting Under IFRS
R-C101-07	Seven Steps Toward Creating a Standout Retirement Savings Plan
R-C102-07	Chapter 5 of <i>Private Pension Policies in Industrialized Countries: A Competitive Analysis</i>
R-C104-09	Replacement Ratio Study–A Measurement Tool for Retirement Planning
R-C105-07	Pension Actuary’s Guide to Financial Economics <b>(worksheet available online–see link in syllabus)</b>
R-C106-07	The Case Against Stock in Public Pension Funds
R-C107-07	Equities in DB Plans–Is the Traditional 60/40 Mix a Dinosaur?
R-C108-07	Why Are Healthy Employers Freezing Their Pensions?
R-C109-07	Integration With Social Security
R-C110-07	Chapter 15 of the <i>Handbook of Executive Benefits</i>
R-C112-07	Pension Investing and Corporate Risk Management
R-C117-07	Pension Deficits: An Unnecessary Evil
R-C118-07	Pension Issues in Corporate Sales, Mergers and Acquisitions
R-C119-07	Fiduciary Liability Issues for Selection of Investments
R-C121-07	Converting Pension Plans From A Defined Benefit to a Defined Contribution Design–Issues to Consider in Canada

<b>CODE</b>	<b>TITLE</b>
R-C123-07	Funding Risks for Multi-Employer Pension Plans
R-C124-07	Recent Issues in Corporate Financial Reporting (pp. 11–14 only)
R-C126-07	Recent Trends in Canadian Defined-Benefit Pension Sector Investment and Risk Management
R-C130-07	Reinventing Pension Actuarial Science
R-C132-07	20 Questions Directors Should Ask About Their Role in Pension Governance
R-C133-07	Back to the Future
R-C137-08	Pension Projections
R-C138-09	The Case for Stock in Pension Funds
R-C139-09	The Place for Lifestyle Funds in a 401(K) Plan
R-C140-10	Acquiring a U.S. Operation—A Primer
R-C142-10	Bader and Gold's Rebuttal to <i>The Case For Stock in Pension Funds</i>
R-C143-10	Constructing New Retirement Systems: Choosing Between Insurance and Investment, Choice and Default
R-C144-10	Mergers & Acquisitions—Due Diligence of Retirement Plans
R-C145-10	Challenges for Users of Actuarial Information Arising From Current Market Conditions
R-C148-10	Jim Moore Discusses Liability Driven Investment Strategies and Concepts
R-C149-10	Plan Sponsor Guide to Liability-Driven Investing
R-C150-10	Mind the Gap: Using Derivatives Overlays to Hedge Pension Duration
R-C151-12	Guaranteed Trouble: The Economic Effects of the Pension Benefit Guaranty Corporation
R-C152-12	Risk Management and Public Plan Retirement Systems
R-C153-12	State and Local Pensions Are Different From Private Plans
R-C154-12	What is the Distribution of Lifetime Health Care Cost From Age 65?
R-C155-12	How Much Risk is Acceptable?
R-C156-12	Are Retirement Savings Too Exposed to Market Risk?
R-C157-12	Phased Retirement: Problems and Prospects
R-C158-12	An Annuity that People Might Actually Buy
R-C159-12	Increasing Annuitization in 401(k) Plans with Automatic Trial Income
R-C160-12	<i>Pensions in the Public Sector</i> , Chapter 9
R-C161-12	Intricately Linked: Pensions and Corporate Financial Performance
R-C162-12	The Pension Bomb
R-C163-12	Funding Regulations and Risk Sharing
R-C164-12	Accounting for Pension Buy-in Arrangements
R-C165-12	Comparison of IAS 19, Rev. 2011 with FASB ASC 715 Summary of Provisions Affecting Accounting for Postretirement Benefits
R-C166-12	Reflections on the Efficient Market Hypothesis: 30 Years Later
R-C167-13*	Dynamic Approach to Investment Policy for Corporate Pension Plans
R-C616-11	International Accounting Standard 19
R-C801-07	Evaluating Financing Options for Nonqualified Benefit Plans
R-C803-07	Executive Compensation 2005: Many Forces, One Direction
R-C805-07	Taking Stock of Option Expensing
R-C806-09	IRS Issues Final Regulations Relating to Phased Retirement

CODE	TITLE
R-C807-09	The Long and Short of the Pension Protection Act of 2006
R-C808-09	IRS Issues Final 409A Regulations
R-C809-09	IRS Issues Final 409A Regulations—Part II
R-C810-09	IRS Issues Final 409A Regulations—Part III
R-C811-13*	FASB Accounting Standards Codification Topic 715

6. Study Note R-C811-13: The Glossary sections (715-XX-20) and the Implementation Guidance and Illustrations sections (715-XX-55) are not included in this study note. These sections are background only readings and can be downloaded for free by registering for the Basic View on FASB Accounting Standards Codification website: <https://asc.fasb.org/home>.
7. A case study will be used as a basis for some questions on the examination. Be sure to answer the questions asked by referring to the case study. For example, if asked for advantages of a particular plan design to a company referenced in the case study, limit your response to the specifics for that company. Other advantages should not be listed as they are extraneous to the question and will result in no additional credit. Further, if they conflict with the applicable advantages, no credit will be given. Candidates are advised to familiarize themselves with the case study. A copy will be included in the examination booklet. Candidates will not be allowed to bring their study note copy of the case study into the examination room.
8. Several book distributors carry some or all of the textbooks for the Society of Actuaries exams. A list appears on the SOA Web site <http://www.soa.org/education/exam-req/resources/edu-txt-manuals.aspx>.
9. The examination questions for this exam will be based on the required readings for this exam. If a conflict exists (in definitions, terminology, etc.) between the readings for this exam and the readings for other exams, the questions should be answered on the basis of the readings for this exam.
10. Candidates may ONLY use the battery or solar-powered Texas Instruments BA-35 model calculator, the BA II Plus\*, the BA II Plus Professional\*, the TI-30Xa or TI-30X II\* (IIS solar or IIB battery), or TI-30X MultiView (XS solar or XB battery). Candidates may use more than one of the approved calculators during the examinations.

Calculator instructions may not be brought into the exam room. During the exam, the calculator must be removed from its carrying case so the supervisor can confirm it is an approved model. Candidates using a calculator other than the approved models will have their exam disqualified.

Candidates can purchase calculators directly from: Texas Instruments, Attn: Order Entry, PO Box 650311, Mail Station 3962, Dallas, TX 75265, phone 800/842-2737 or <http://epsstore.ti.com>.

*\*The memory of **TI-30X II**, **TI-30X MultiView** and **BA II Plus**, **BA II Plus Professional** will need to be cleared by the examination supervisor upon the candidate's entrance to the examination room.*

10. A list of various seminars/workshops and study manuals appears on the SOA Web site <http://www.soa.org/education/exam-req/resources/edu-sem-workshops.aspx> and <http://www.soa.org/education/exam-req/resources/edu-txt-manuals.aspx>. These seminars/workshops and study manuals do not reflect any official interpretation, opinion, or endorsement of the Society of Actuaries or its Education Committee.

Please note that the Education Committee expects candidates to read the material cited in the *Syllabus* and to use other material as a complement to the primary sources rather than a substitution for them.

11. The Society of Actuaries provides study notes to persons preparing for this examination. They are intended to acquaint candidates with some of the theoretical and practical considerations involved in the various subjects. While varying opinions are presented where appropriate, limits on the length of the material and other considerations sometimes prevent the inclusion of all possible opinions. These study notes do not, however, represent any official opinion, interpretation or endorsement of the Society of Actuaries. The Society is grateful to the authors for their contributions in preparing study notes.

The American Academy of Actuaries, the Canadian Institute of Actuaries, the Conference of Consulting Actuaries, and the Society of Actuaries jointly sponsor the examinations administered by the Society of Actuaries.