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Editor's Introduction

By Martin McCaulay

This issue of *The Pension Forum* is on communicating risk in public pension plans. It includes three papers, discussions of the papers, and responses from the authors. The first paper is the SOA research report from June 2014, "Report on Communicating the Financial Health of Public Pension Plans" by George A. (Sandy) Mackenzie. The research report shows two sample concise but comprehensive and focused reports to communicate the financial health and prospects of public plans. The two reports strike a balance between narrative and quantitative indicators of a plan's financial health.

The second paper is "Model Legislation for Better Public Plan Governance (vs. Risk Disclosure)" by Thomas Lowman, from April 2015. While increased disclosure will improve the communication of risk in public plans, a proposed better solution is creating model legislation for public plans to follow that encourages better governance to help boards of trustees and elected officials make better decisions. The paper focuses on the need for and scope of model legislation and the related risks model legislation can address.

The third paper is "Presenting Market Value Liabilities for Public Employee Retirement Systems" by Robert North. Until his retirement in late 2014, Mr. North was the chief actuary for the New York City Retirement System, a position he held for 24 years. In that capacity he chose to disclose market-value-related liability as part of his annual actuarial valuation reports. This paper describes some of the theory behind market value liabilities, his rationale and methodology for providing this disclosure and compares this with other standard public pension disclosures required under the Government Accounting Standards Board (GASB) requirements.

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