

# EDUCATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

## INTRODUCTORY STUDY NOTE

**EXAM SESSION:** SPRING 2014

**EXAM:** RETIREMENT PLAN INVESTMENT AND RISK MANAGEMENT

**DATE & TIME:** Thursday, May 1; 2:00 p.m. – 4:15 p.m.

1. The examination will consist of two hours of written answer questions. A read-through time of 15 minutes will be given prior to the start of the exam. No writing is allowed during the read-through time.
2. The following link shows a recommended FSA module/exam sequence for each track:  
<http://www.soa.org/Education/Exam-Req/edu-new-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. However, the Education committees believe that these recommendations provide the most effective guide for candidate success. An examination/module may assume familiarity with material that is covered in any requirement that is recommended to come before that examination or module.
3. The Syllabus material includes textbooks, online readings, and the study notes listed in the Appendix. The Appendix also may contain additional important information regarding this exam. A complete listing of the Syllabus and Learning Objectives is located in this exam's home page on the SOA Web site.
4. 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>.
5. Any changes in the Syllabus for this exam will be published under "Updates" in this exam's home page on the SOA Web site.
6. Past exams, solutions and case studies are available at: <http://www.soa.org/education/exam-req/syllabus-study-materials/edu-multiple-choice-exam.aspx>
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. The candidate should be very familiar with the Learning Objectives. These Learning Objectives are the first ingredient in developing the syllabus and also guide the examination committee when writing questions. The Learning Objectives set out the cognitive level needed to pass this exam. You will notice that the candidates are expected to “analyze,” “explain,” “calculate,” “describe,” “apply,” etc. While studying the syllabus material, candidates may want to refer back to the Learning Objectives to remain focused on the goals of the exam.
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 these battery or solar-powered Texas Instruments models: BA-35, BA II Plus\*, BAII Plus Professional\*, TI-30Xa, TI-30X II\* (IIS solar or IIB battery), and TI-30X MultiView\* (XS solar or XB battery). Candidates may use more than one of the approved calculators during the examination.

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 that it is an approved model. Candidates using a calculator other than the approved models will have their exams 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 the **BA II Plus, BA II Plus Professional, TI-30X II and TI-30X MultiView** calculators will need to be cleared by the examination supervisor upon the candidate’s entrance to the examination room.*

11. A list of various seminars/workshops and study manuals appears on the SOA Web site <http://www.soa.org/education/exam-reg/resources/edu-sem-workshops.aspx> and <http://www.soa.org/education/exam-reg/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.

12. 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 various examinations administered by the Society of Actuaries.

## APPENDIX

Study notes for this exam

Code	Title
RPIRM-100-13	Chapter 24 of <i>Retirement Plans: 401(k)s, IRAs and Other Deferred Compensation Approaches</i> , Allen, et. al., 10th Edition
RPIRM-101-13	Dynamic Approach to Investment Policy for Corporate Pension Plans
RPIRM-102-13	Equities in DB Plans – Is the Traditional 60/40 Mix a Dinosaur?
RPIRM-103-13	Fiduciary Liability Issues for Selection of Investments
RPIRM-104-13	Maginn and Tuttle, <i>Managing Investment Portfolios</i> , Third Edition Chapter 12 through Section 5 only
RPIRM-105-13	20 Questions Directors Should Ask About Their Role in Pension Governance
RPIRM-106-13	The Place for Lifestyle Funds in a 401(K) Plan
RPIRM-107-13	Reflections on the Efficient Market Hypotheses: 30 Years Later
RPIRM-108-13	Introduction and Overview of Retirement Plan Investments
RPIRM-109-13	Jim Moore Discusses Liability Driven Investment Strategies and Concepts
RPIRM-110-13	Plan Sponsor Guide to Liability –Driven Investing
RPIRM-111-13	Mind the Gap: Using Derivatives Overlays to Hedge Pension Duration
RPIRM-112-13	Asset/Liability Modeling and Asset Allocation for Pension Plans
RPIRM-113-13	How the Liability Benchmark is Developed and Used in Practice
RPIRM-114-13	Top 10 Myths About Liability-Driven Investing
RPIRM-115-13	<i>Pensions in the Public Sector</i> , Ch. 9
RPIRM-116-13	Financial Economics and Actuarial Practice
RPIRM-117-13	Financial Economics and Canadian Pension Valuation
RPIRM-118-13	Reinventing Pension Actuarial Science, with discussion
RPIRM-119-13	Accounting for Pension Buy-In Arrangements
RPIRM-120-13	The Case Against Stock in Public Pension Plans
RPIRM-121-13	The Case for Stock in Pension Funds

<b>Code</b>	<b>Title</b>
RPIRM-122-13	Guaranteed Trouble: The Economic Effects of the Pension Benefit Guaranty Corporation
RPIRM-123-13	Risk Management and Public Plan Retirement Systems - (appendix background only)
RPIRM-124-13	Bader and Gold's Rebuttal to The Case for Stock in Pension Funds
RPIRM-125-13	The Pension Bomb
RPIRM-126-13	Funding Regulations and Risk Sharing
RPIRM-127-13	Retirement Benefits, Economics and Accounting: Moral Hazard and Frail Benefit Designs
RPIRM-128-13	The Impact of the Financial Crisis on Defined Benefit Plans and the Need for Counter-Cyclical Funding Regulations
RPIRM-129-13	Pension Actuary's Guide to Financial Economics and <a href="#">Pension Arbitrage Example Worksheet</a>