

Retirement – Design and Accounting, US Exam

Spring/Fall 2016

Important Exam Information:

[Exam Registration](#)

Candidates may register online or with an application.

[Order Study Notes](#)

Study notes are part of the required syllabus and are not available electronically but may be purchased through the online store.

[Introductory Study Note](#)

The Introductory Study Note has a complete listing of all study notes as well as errata and other important information.

[Case Study](#)

A copy of the case study will be provided with the examinations. Candidates will not be allowed to bring their copy of the case study into the examination room.

[Past Exams](#)

Past Exams from 2000 - present are available on the SOA website.

[Updates](#)

Candidates should be sure to check the Updates page on the exam home page periodically for additional corrections or notices.

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1.

Learning Objectives

The candidate will be able to analyze different types of registered/qualified retirement plans and retiree health plans.

Learning Outcomes

The Candidate will be able to:

Describe the structure of the following plans:

- a) Traditional defined benefit plans
- b) Defined contribution and savings plans
- c) Hybrid Plans
- d) Retiree Health Plans

Given a plan type, explain the relevance, risks and range of plan features including the following:

- a) Plan eligibility requirements
- b) Benefit eligibility requirements, accrual, vesting
- c) Benefit / contribution formula, including the methods of integration with government-provided benefits
- d) Payment options and associated adjustments to the amount of benefit
- e) Ancillary benefits
- f) Benefit subsidies and their value, vested or non-vested
- g) Participant investment options
- h) Required and optional employee contributions
- i) Phased retirement and DROP plans

Resources

- *Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches*, Allen, 11th Edition
 - Ch. 2, Ch. 3, Ch. 6 - 13, Ch. 17, Ch. 21, Ch. 29, Ch. 31 (pp. 593-606)
- *Fundamentals of Private Pensions*, McGill, 9th Edition
 - Ch. 5, Ch.9, Ch. 10 & Ch. 12
- *Morneau Shepell Handbook of Canadian Pension and Benefit Plans*, 15th Edition
 - Ch. 1, Ch. 2, Ch. 5, Ch. 14 (background only), Ch. 29
- *Fundamentals of Retiree Group Benefits*, Yamamoto, Second Edition
 - Ch. 1, Ch. 4 (excluding pp. 89-110), Ch. 5 (p. 168 only)
- DA-100-13: Issues for Implementing Phased Retirement in Defined Benefit Plans
- DA-101-13: Legal and Research Summary Sheet: Phased Retirement

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- DA-102-13: Evaluating the Design of Private Pension Plans: Costs and Benefits of Risk Sharing
- DA-103-13: Risk Allocation in Retirement Plans: A Better Solution
- DA-104-13: Deferred Retirement Option Plans (“DROP” Plans)
- DA-105-13: Measuring Terminable Postretirement Obligations
- DA-107-13: Green DB: Eliminate Wasteful Practices and Make Your DB Plan Sustainable
- DA-109-13: Seven Steps Toward Creating a Standout Retirement Savings Plan
- DA-110-13: Integration With Social Security
- DA-112-13: Converting Pension Plans From a DB to a DC design – Issues to Consider in Canada, pp. 1–6
- DA-113-16: Multi-Employer Plans
- DA-152-15: ACPM Target Benefit Plan Paper, March 30,2012
- DA-153-15: ACPM Target Benefit Plan Supplemental Paper
- DA-159-16: The OECD Roadmap for the Good Design of Defined Contribution Pension Plans
- DA-812-15: State and Local Pension Costs: Pre-Crisis, Post-Crisis and Post-Reform
- [New Retirement Plan Designs for the 21st Century](#), Pension Forum, December 2008, pp. 41-56 (including commentary and responses)
- [SOA Cash Balance Study](#), Pension Forum, Dec. 1, 2000 (sections 1,2,3, plus Appendix A for background only)
- [The Next Evolution in Defined Contribution Retirement Plan Design: A Guide for DC Plan Sponsors to Implementing Retirement Income Programs](#)

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2.
Learning Objectives
The candidate will understand the impact of the regulatory environment on plan design.
Learning Outcomes
The Candidate will be able to: <ul style="list-style-type: none">a) Explain and apply restrictions on plan design features to a proposed plan designb) Explain and test for limits on plan designs and features that protect participant rightsc) Test for plan design restrictions intended to control the use of tax incentivesd) Describe the process and apply the principles and rules governing the conversion from one type of plan to anothere) Understand conflicts between regulation and design objectives and recommend alternatives
Resources
<ul style="list-style-type: none">• <i>Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches</i>, Allen, 11th Edition<ul style="list-style-type: none">• Ch. 3 , Ch. 6 – 10, 12 - 14, Ch. 17, Ch. 21 & Ch. 31 (pp. 593-606)• <i>Fundamentals of Private Pensions</i>, McGill, 9th Edition<ul style="list-style-type: none">• Ch. 12• DA-152-15: ACPM Target Benefit Plan Paper• DA-153-15: ACPM Target Benefit Plan Supplemental Paper• DA-158-15: New Brunswick’s New Shared Risk Pension Plan• DA-160-16: OECD Pensions outlook 2014, pp. 9-13• DA-801-13: The Long and Short of the Pension Protection Act of 2006, pp. 10-21 (excluding p.13),(pp. 1-9, 22-24 and Appendices for background only)

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3.
Learning Objectives
The candidate will be able to analyze the risks faced by retirees and the participants of retirement plans and retiree health plans.
Learning Outcomes
The Candidate will be able to: <ul style="list-style-type: none">a) Identify risks faced by retirees and the elderlyb) Describe and contrast the risks faced by participants of<ul style="list-style-type: none">i. Government sponsored retirement plansii. Single employer sponsored retirement plansiii. Multiemployer retirement plans, andiv. Social insurance plansc) Evaluate benefit adequacy and measure replacement income for members of a particular plan given other sources of retirement income.d) Propose ways in which retirement plans and retiree health plans can manage the range of risks faced by plan participants and retirees
Resources
<ul style="list-style-type: none">• <i>Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches</i>, Allen, 11th Edition<ul style="list-style-type: none">○ Ch. 11, Ch. 14, Ch. 17, Ch. 21 & Ch. 31 (pp. 593-606)• <i>Fundamentals of Private Pensions</i>, McGill, 9th Edition<ul style="list-style-type: none">○ Ch. 5, Ch. 9 & Ch. 12• DA-102-13: OECD paper, Evaluating the Design of Private Pension Plans: Costs and Benefits of Risk Sharing• DA-103-13: Risk Allocation in Retirement Plans: A Better Solution• DA-114-13: Risk Management and Public Plan Retirement Systems - Appendices only (pages 1-33 background only)• DA-115-13: Private Pensions: Alternative Approaches Could Address Retirement Risks Faced by Workers but Pose Tradeoffs, pp.1-35 , GAO• DA-117-13: Sharing Risk: The Netherlands' New Approach to Pensions• DA-118-13: What is the Distribution of Lifetime Health Care Cost From Age 65?• DA-119-13: State and Local Pensions Are Different From Private Plans• DA-120-13: How Much Risk is Acceptable?• DA-121-13: Are Retirement Savings Too Exposed to Market Risk? Center for Research 2008• DA-123-13: Replacement Ratio Study – A Measurement Tool for Retirement Planning

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- DA-151-14: The Real Deal: 2012 Retirement Income Adequacy at Large Companies, Highlights
- DA-152-15: ACPM Target Benefit Plan Paper
- DA-153-15: ACPM Target Benefit Plan Supplemental Paper
- DA-161-16: Pension Issues in Mergers and Acquisitions
- [CIA Ed Note: Financial Risks Inherent in Multi-Employer Pension Plans and Target Benefit Pension Plans, CIA TF on MEPP/TBPP Funding, May 2011](#)
- [Retirement Survey Report Key Findings and Issues: Understanding and Managing the Risks of Retirement](#)
- [The Next Evolution in Defined Contribution Retirement Plan Design: A Guide for DC Plan Sponsors to Implementing Retirement Income Programs](#)
- [Hybrid Pensions: Risk Sharing Arrangements for Pension Plan Sponsors and Participants](#)
- [Managing Post-Retirement Risks, A Guide to Retirement Planning](#)

