SOCIETY OF ACTUARIES

PENSION SECTION NEWS

December 2009, Issue No. 71

POLL

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- None, I'm as busy as ever
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CHAIRPERSON'S CORNER

By Cindy Levering

In her final Chairperson's Corner, Cindy Levering provides readers an update on some of the initiatives that the SOA and Pension Section Council are engaged in and some recent changes to the *Pension Section News.* Full article >>

NOTES FROM THE EDITOR

By Josh Bank

Musings over the evolution of the Editor role; "paperless" correspondence; recent changes in the Pension Section Council and its Teams; SOA support of the Pension Section; and a sneak peek at possible action steps in response to the survey of Pension Section members and other retirement practitioners. Full article >>

PERSPECTIVES FROM ANNA–FINANCIAL LITERACY

By Anna Rappaport

Financial illiteracy has been identified as a major obstacle to effective retirement planning for Americans. Anna Rappaport's article provides actuaries with helpful ideas about ways to make the public more aware of the increasing need for financial literacy and some of the resources currently available to help individuals. Full article >>

SOA/AAA JOINT PENSION FINANCE TASK FORCE

By R. Evan Inglis

Evan Inglis, the new chairperson of the SOA/AAA Joint Pension Finance Task Force, shares with us his view of the important pension finance

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issues facing actuaries and the task force's vision of how pension finance can strengthen the actuarial profession. Full article >>

SOA HOSTS SYMPOSIUM ON PUBLIC PENSION PLAN FINANCING

By Thomas Lowman

The SOA hosted the 2009 Public Pension Finance Symposium in Chicago, May 18–19 2009. Tom Lowman provides us with a short and insightful summary of each session from the symposium. Full article >>

PENSION SECTION SURVEY–THE RESULTS ARE IN!

By Marcus Robertson

Marcus Robertson gives us a rundown of key results from the recent survey conducted by the Pension Section Council's Communications Team. Full article >>

A GUIDE TO SURFING THE NEW PENSION SECTION WEB PAGES

By Josh Bank

Josh Bank explores the new Pension Section Web pages and provides readers with a map of the new features. Full article >>

THE RETIREMENT INDUSTRY CONFERENCE

April 11–13, 2010
Renaissance Washington, D.C. Hotel
Washington, D.C.

Join the hundreds of retirement industry professionals who will attend the 2010 Retirement Industry Conference to gain insights on the latest industry developments and equip themselves with solutions to address the complex challenges they face every day.

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CHAIRPERSON'S CORNER

By Cindy Levering

It's hard to believe this will be my last "Chairperson's Corner." My three years on the Pension Section Council have literally flown by! Along the way, I not only have had the privilege to serve our great profession but also have gotten to know and work with many talented and dedicated actuaries who are volunteering their time. I thank everyone who has supported me, especially Emily Kessler, Andy Peterson and Sue Martz of the SOA staff. I am confident that the members who are still serving as well as the new members who are joining will continue to conduct the council's work thoughtfully, enthusiastically, and creatively.

Thinking "Outside the Box"

The last several years have been full of more changes and opportunities than any others in my 30+ year career. When you hear the phrase "thinking outside the box" in responding to these challenges, an actuary is not usually what comes to mind. However, the council has done several things that I think fall into this category.

First and foremost is *Retirement 20/20*. If you aren't familiar with this project, I encourage you to check out the Web site at *retirement2020.soa.org*. There are two recent developments I want to highlight. The first is the Call for Models contest that we launched in June. The purpose of this contest is to collect new ideas for "Tier II" retirement systems that would work in the United States or Canada and present the best of these models at a conference in early 2010. This is the first time the SOA and Pension Section have ever sponsored a contest like this with significant monetary prizes and we are excited about the 20 plus statements of intent we received. We are also looking for sponsors outside the actuarial profession to join us in this effort. Secondly, we continue to "spread the word" beyond the actuarial community about *Retirement 20/20*. To that end, Emily Kessler presented testimony to the ERISA Advisory Council on July 21 about lessons we have learned so far and

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Andy Peterson and I presented to the ERISA Industry Committee (ERIC) on October 29. After the health care crisis dies down in the United States, we expect discussions about retirement issues will heat up and we hope to be on the forefront of thought leadership as potential solutions are debated. In fact, in Canada, discussions about retirement reform are already underway.

We are also looking for new and creative ways to approach continuing education that are different from what other actuarial organizations are doing. We recognize that the SOA is not always the first choice when it comes to continuing education for consulting pension actuaries so we are exploring ways to distinguish our offerings through not only content but also delivery. The focus would be topics that broaden thinking and exposure to relevant topics, rather than technical topics (i.e., EA core credit) that are covered well at other meetings. If you have any ideas about this or would like to join the continuing education team, we would love to hear from you!

While I'm speaking about continuing education, I'd like to call your attention to the SOA Annual Meeting that just took place on October 25–28 of this year in Boston. In addition to keynote and luncheon speeches by Senator Tom Daschle, Nassim Nicholas Taleb (*The Black Swan*), and Doris Kearns Goodwin, our section planned a number of sessions that I hope attendees found interesting. If you weren't able to attend the meeting, MP3 files for select sessions (including syncing with the presentation slides) are available for purchase here. A sampling of session titles included *Impact of the Financial Crisis on Pensions and Investments, Using Corporate Bond Spot Yield Curves for Pension Discounting, Lessons Learned from 2008 and 2009, Market–Consistent Valuation of Pension Plans, Managing Longevity Risk* and more. While we understand that tight corporate travel budgets may have kept members from attending, we believe that the recorded presentations are well worth checking out.

Finally, we are exploring the possibility of an enhanced retirement research initiative that would include a focus on shorter term issues with immediate public policy and/or media interest (versus the longer term or application based research currently being undertaken). The desire is to focus on retirement topics with actuarial implications where the actuarial profession can provide unique value and objective input. If this initiative is effective, it could become a model for research in other actuarial disciplines. It would supplement and enhance (but not replace) current research initiatives. This initiative is currently being studied by a working group for possible recommendation to the SOA Board as a future strategic initiative.

Survey Says...

I want to thank all of you who participated in our recent survey. We received some very thoughtful and useful comments that we will be using as guidelines for future activities. We also had a number of people indicate their desire to volunteer in some capacity and by now, those of you who responded should have received an e–mail from me about the opportunities that are available. See new Pension Section Council Chairperson, Marcus Robertson's article in this issue for more information on the results of the recent Pension Section membership survey.

Other articles in this issue include the Editor's Column from "newbie" editor Josh Bank, who is taking the lead editor baton (on an interim basis, he hopes) from Art Assantes, who will stay on as associate editor during the transition following his long tenure at the helm of the *PSN*. We thank Art for his long, dedicated service! There is also an article by Josh Bank regarding the section's revamped web pages. And of course, Anna Rappaport's *Perspectives from Anna* column provides us with the usual richness of thought and numerous links to resources that we've come to expect from her written and oral presentations.

I thank you for the privilege of serving you over the last three years and hope you will or already have found the actuarial profession to be as satisfying and rewarding a career as I have!

Cindy Levering, ASA, EA is outgoing chair of the Pension Section Council for 2009. She is a senior vice president with Aon Consulting, based in Baltimore, Md. She can be reached at cindy_levering@aon.com.

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NOTES FROM THE EDITOR

By Josh Bank

Perhaps a better title for this, my first Editor's column for the Pension Section News (PSN) *would be "Meanderings from the Editor," but here goes...*

Art Assantes

The first time I became aware of Art Assantes was during my first year as an elected member of the Pension Section Council, back in 2004. At that point, the *Pension Section News** was a hardcopy publication that was mailed to each of our section's approximately 4,000 members. Art was a true, old school newsletter editor, responsible for overseeing everything from pumping both section members and non member pension aficionados for articles, to managing the article selection process, reviewing and negotiating revisions with the authors, final proofing of the layout, and numerous other tasks that preceded and followed the printing and distribution of each issue. Art was also editor of *The Pension Forum*, which required similar effort to produce, and he was involved in the significant process of converting the *PSN* into its present electronic format. While many people have had a hand in producing these two principal communications vehicles of the Pension Section, I hope you will all join me in giving Art a big hand (virtually or otherwise) for his successful labors on behalf of the SOA and his fellow Pension Section members during the past five years!

Not one, but two formidable acts to follow

In addition to the able work of Art Assantes, Kelley McKeating, from whom I inherited the role of chair of the council's Communications Team earlier this year, provided significant direction and leadership to the team and the previously mentioned publications during her tenure. Following publication (in early 2010) of the next issue of *The Pension Forum*, which Kelley is co–editing, she will be retiring (temporarily, we hope) from her decade–long volunteer activities for our section. This also included a period leading

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the Research Team and participation in numerous projects. Please join me in publicly recognizing and thanking her for her valuable contributions. Although succeeding Kelley will be a difficult task, I have taken on both of these roles (*PSN* Editor and Communications Team Chair). With the able support (both moral and otherwise) and patience of the SOA staff and the members of the Pension Section Council and its teams and committees, I will strive to continue the efforts of the Communications Team and to work on new communications initiatives.

Other new and familiar faces and roles in and around the Pension Section Council

At last month's face–to–face council meeting in New York, the following changes were made in the various volunteer leadership positions:

- Marcus Robertson was elected Chairperson of the Pension Section Council, taking the baton from Cindy Levering, who presided over a very productive and exciting year at the helm.
- Bill Sohn was elected Vice Chairperson and is expected to succeed Marcus as Chair a year from now.
- Meanwhile, new council members Scott Hittner and Penny Bailey were elected to the roles of Treasurer and Secretary, respectively.
- I was reappointed as Chairperson of the Communications Team and Kevin Binder and Ellen Kleinstuber agreed to take the Chairs of the Research and Continuing Education Teams, respectively.
- All of these teams have been strengthened by several new members. You can view the full Communications, Research and Continuing Education Team rosters by clicking the following links:
    - Pension Section Communications Team
    - Pension Section Research Team
    - Pension Section Continuing Education Team
- Finally, Tonya Manning, Council Chairperson for the 2004–2005 term, is the Board Partner assigned to the Pension Section Council, succeeding Donald Segal, who was elected President of the SOA for the 2010–2011 year.

In addition, I want to recognize Sheldon Gamzon, Mike Archer and Ian Genno (in addition to Cindy mentioned above) who have completed their terms on the council, and thank them for their service to the Pension

Section.

The Pension Section Council continues to be supported in terrific fashion by Andy Peterson (Staff Fellow, Retirement Systems), Sue Martz (Project Support Specialist) and Kathryn Baker (Senior Communications Associate), and by many other SOA professionals who make our "volunteer" roles highly rewarding.

Survey Sez...!

When Marcus Robertson started writing his article covering last spring's survey of Pension Section members and other retirement practitioners, he picked up immediately on the need to *inform* the membership on survey results in a way that doesn't give away the show on how the SOA and the Pension Section Council will act upon the valuable information and opinions that you all provided. The fact is that we haven't yet decided just yet which of the baker's dozen or so of major possible action steps that we've thus far distilled from the survey are doable or net–value–added. However, I feel that I can invoke editorial freedom (and Communications Team Chair's prerogative) and give you all a sneak peek at just a few of the steps that the Communications Team has put forth for consideration by the council for the coming year. No promises, of course (the council won't be making any formal decisions on action steps until its next face–to–face meeting early next year), but here they are, in no implied order of priority or chronology:

- Publish a monthly "mini newsletter" to plug the gap between our PSN newsletters, which are published three times per year (a few other sections have already gone this route).

- Develop a "Discussion Forum" concept through the Web, or create and formally promote a pension oriented discussion subgroup under the SOA's LinkedIn Group. See LinkedIn for a quick look at how SOA members in general are using this existing "business networking" vehicle. (You may need to log in or register with LinkedIn in order to follow the above link to its intended destination.)

- Adopt a cohesive, thematic structure for individual issues of the *PSN* (e.g., focusing the core articles on different aspects of a specific topic of major interest), while at the same time adding one or two more recurring columns, such as the recently added "Perspectives from Anna" column. Themes that we have (briefly) discussed for these additional recurring columns include risk, investments, and international.

- Publish rigorous synopses of recent (or upcoming) Annual Meeting sessions, webcasts, symposia, etc. (*However, a Monthly Update vehicle might be better suited for this, since some material could be as much as four months old before it made it into an issue of the* PSN.)

Well, I promised myself that I'd hold this column to 1,000 words, and appear already to have broken that promise a few paragraphs ago. Enjoy this current issue of the PSN, and we will be back with our next issue shortly after Punxsutawney Phil does his forecast in early February!

Josh Bank, ASA, EA is Chairperson of the Pension Section Council's Communications Team and Editor of the *Pension Section News*. Josh can be reached at jobank@gmail.com.

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*That was the former name of our newsletter, before last year's "Name the Newsletter" contest gave us the "new" name ... *Pension Section News*!

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PERSPECTIVES FROM ANNA–FINANCIAL LITERACY

By Anna Rappaport

Financial illiteracy has been identified as a major obstacle to effective retirement planning for Americans. The SOA's Committee on Post Retirement Needs and Risks has spotlighted financial literacy problems and has repeatedly found misunderstandings and gaps in knowledge necessary for addressing post retirement issues. Two key recurring issues for individuals planning their retirement are a lack of long term thinking and a failure to understand and manage risks.

This article provides ideas to help actuaries think about ways to raise individuals' consciousness in these and other challenging areas. And for those who look at the work of the *Actuarial Foundation* and *WISER* and like what they see, I ask that you lend your support to these organizations. [1]

I learned a lot about the general topic of financial literacy from two sources: The 2008 Annual Report of the *President's Advisory Council on Financial Literacy* and *Nudge: Improving Decisions about Health, Wealth and Happiness* by Thaler and Sunstein.

What I learned from the President's Advisory Council Report

This report included many insights into the issues and who is addressing various aspects of those issues. It includes a wide range of topics and provides a definition of "financial literacy." The council asserts that any individual completing a "comprehensive financial literacy program" should have an understanding of the following skills and concepts:

- "The capital market system and financial institutions;
- the participant's household's cash flow situation, and how to develop and maintain positive cash flow;

- how to develop a spending plan that is consistent with their resources and priorities;
- the reasons for having an emergency fund and how to establish an emergency fund;
- the fundamentals of credit granting, including how to evaluate, select, and manage credit, and how to maintain a good credit rating;
- the process of deciding when to rent and when to buy a home, and the process of home ownership;
- the process of identifying various financial risks, including development of a risk management strategy to decide which risks they should take on and which should be transferred to an insurance provider;
- how to identify and protect themselves from identity theft and various financial frauds, and what to know and do if they think they have been victimized;
- basic investment products, the relationship between risk and return, and the what, when and why of choosing the best investments at the right time in their life;
- how to evaluate and take advantage of employee benefits and tax advantaged savings accounts;
- the various components of retirement planning, and how to develop an appropriate plan for a secure retirement; and
- how to develop a plan to assure financial security in the case of unexpected loss of income (disability or death) for those who depend on their earning power, and to assure the smooth transfer of assets to appropriate heirs."

This is an ambitious list, but it is encouraging to see a federally sponsored group look comprehensively at the components of financial literacy, how to teach it in the schools, qualifications of teachers, workplace topics, etc.

I was also very interested in a comment on worker's reactions to the information available and on the impact of financial literacy education on employers (from page 23 of the report):

> "Surveys consistently find that the public feels overwhelmed and intimidated by the volume of financial information in the

marketplace. The result is paralysis—inaction, rather than action. However, employees appreciate receiving financial education in the workplace because they view their employer as a trusted source, and because instruction is convenient and accessible. In return, a financially literate workforce is likely to be happier, more focused and productive, and to have learned skills they can apply to their jobs."

What I learned from ***Nudge: Improving Decisions About Health, Wealth and Happiness***

My biggest learning from *Nudge* was that people make decisions around retirement planning as part of a much bigger picture—the same approach that drives decision making in many other areas of life.

I also learned from *Nudge* more about choice architecture and how important "framing" of decisions is. *Nudge* told me that "A choice architect has the responsibility for organizing the context in which people make decisions."

Putting It All Together

My view of the world as it relates to financial literacy, retirement planning and personal risk management could be described as follows:

General Topics

- The United States has problems with financial literacy. Well documented symptoms include low levels of savings and questionable retirement decision making. More will be known as The Financial Industry Regulatory Authority (FINRA)[2] is already conducting a major National Financial Capability Survey according to the President's Advisory Council on Financial Literacy report. The SOA's 2009 Survey of Post Retirement Risks, slated for release later this year, will provide more data, and the 2010 Pension Research Council symposium will be focusing on financial literacy.

- Actuaries have been addressing some of these issues through the Actuarial Foundation. Consumer education projects address specific gaps in knowledge, and youth education programs promote math literacy and the beginnings of financial literacy. The Actuarial Foundation also offers a high school level financial literacy program that includes workbooks for students and instructional materials for teachers.

- Many organizations, such as government agencies, not for profits and financial service companies provide literature, websites and tools to the public, to employee benefit sponsors, and directly to employers for their employees. Much of this information is available at no cost on the Internet. Mymoney.gov is an excellent Web site with a wide range of financial literacy resources, including links to other government sites, such as Social Security and the Department of Labor. The Extension Service of the Department of Agriculture also offers a site on personal finance, which in turn contains a link to additional tools from government and private sources. The American Savings Education Council (ASEC) and other organizations also offer quick paths to further information and resources.

Specific Population Segments

- For Americans in mid life and nearing retirement age, the Department of Labor's *Taking the Mystery Out of Retirement Planning* is a very good resource.

- The issues confronting lower and lower middle income populations are quite different from those confronting higher net worth populations, and they are generally not about investments. Two such issues are when to claim Social Security and retire, and how to manage housing and housing wealth. A new monograph from the SOA Committee on Post Retirement Needs and Risks will include a collection of papers on housing wealth and retirement.

- The "unbanked" have a very special set of problems. According to the President's Advisory Council report on Financial Literacy, there are nearly 73 million Americans who are either unbanked or "underbanked." To me, it is unrealistic to think about any kind of retirement savings or modern financial management program for them until they have access to mainstream banking and financial services.

Summary of Resources

- There is a large community of financial advisors but they largely serve higher net worth individuals—not lower income or lower middle income persons. Further, it can be debated whether they serve the middle class well

- Some not for profits provide advice and other services to the very poor, but the lower middle income group gets little hands on advice. They do not have money to pay for it and those who would provide it are not well tuned to their issues. Many people at all levels do not seek advice and are suspicious of advisors.

- For Americans with computer skills but no computer, many public libraries offer free access to computers and the Internet. Some offer educational programs on topics like financial management.

- Other groups—such as the Women's Institute for a Secure Retirement (WISER)—provide financial education targeted at lower and lower middle income Americans.

- Some employers have worked very hard at educating their employees and structuring plans to enhance financial security, often with good success. The Profit Sharing Council of America Signature Awards contest identifies success stories, and there is a lot that can be learned from them. Plan structure can be more important than education, but both count. There are other contests and awards for good employee communication and other programs.

- One of the best ways to influence people is through an entity with whom they already have contact and whom they trust, for example, Social Security, employers, extension services and personal banks. All offer points of contact and build on existing relationships, and most offer leverage opportunities and have Web sites. Associations such as *SHRM*, *ABC*, *InFRE* and *ERIC* offer resources to employers and the opportunity to reach groups of human resource professionals at their meetings.

- Math illiteracy is a huge problem to which government programs commit significant resources. Those concerned about the long term future need to hope that some of this works. This is why the Actuarial Foundation places a major emphasis on math education.

The link between financial literacy and financial security. Financial security can come from specific group programs and from individual actions and choices. Even Social Security requires a decision about when to retire to make it work well. Employer sponsored defined benefit (DB) plans require decisions about when to retire and what option to use for payment of benefits. Employer sponsored 401(k) plans and many other defined contributions (DC) plans require decisions on whether (and how much) to save, investment choices, when to retire and when and how to draw benefits. For those who aren't covered by employer programs, financial security beyond Social Security is up to the individual. The best programs minimize the need for individuals to make too many decisions, but a certain degree of financial literacy is still required for those decisions to be sound.

Who Should Try to Improve Financial Literacy, and How? Many groups are involved in this effort, and the President's Advisory Council report identifies some of them, including government, the educational system, not for profits, employers, and financial services companies. Actuaries have been involved through the work many of us do with clients and employers, through the research of the Committee on Post Retirement Needs and Risks, through the consumer education and math literacy efforts of the Actuarial Foundation, and through the work that individuals do in our local communities.

Leverage Resources: There is more to do. Identifying "low hanging fruit" methods of adding value at little cost and effort is a good first step for all. Regardless of what stakeholder I represented, I would try to leverage and get maximum benefit from what is already there, particularly from trusted governmental and independent not for profits sources. The discussion above lists some examples of available resources.

Connecting people and resources: One of the big challenges is how to connect to credible sources with credible information. If I were focused on finding a way to reach lower and lower middle income people, I would work through those who are already in touch with them. There is a need to both encourage better financial behaviors and provide assistance when needed. Organizations that might offer help to those who do not get help from employers or who want added help include the above mentioned Women's Institute for a Secure Retirement (WISER), Extension Service (linked to the U.S. Department of Agriculture), the Social Security Administration, American Savings Education Council, *AARP*, community and church groups, and public schools and libraries.

What is reliable? Another challenge is to help people sort out what is reliable information. An organization that wanted to do so could use a small group of experts to help vet submitted materials and then put a "seal of accuracy" on them. The sponsor would need a set of standards and guidelines on who could submit materials for the "seal of accuracy." The sponsor could also provide links to these materials on a Web site. One of the recommendations of the President's Council on Literacy is to establish a "Workplace Financial Literacy Honor Role." The Profit Sharing Council of America's Signature Awards are another variation on this theme.

Tailored advice for lower income people: Here is another idea that could work at moderate cost. There are not for profits who offer various kinds of advice to people who are not served well in the marketplace. I don't know how many give financial advice, but there are certainly models that could be extended, and probably existing groups that could be built on. In Chicago, for example, there is an elder law clinic connected to a local university. If you come in with a problem and do not have money, they provide service at no cost. If you have money, they help you to identify the type of service you need, and redirect you to the appropriate marketplace resources. Many not for profits have severe financial problems of their own today. Very modest grants or hands on help to some of them might well get advice to a large number of underserved Americans.

Conclusion: Financial literacy is a big and complex topic, and is interwoven with success in achieving financial security. There are a lot of resources to help people who are interested, but there are still many gaps in knowledge and problems connecting those who need the advice with those who can provide it. The topic of financial literacy offers both a challenge and an opportunity for actuaries as they work with clients, perform public service (including with the Actuarial Foundation), and as they deal with their own lives and those of their families and communities. This topic offers us a great chance to think about the question: "How can I make the world a better, more financially secure place?"

Anna Rappaport, FSA, is an internationally recognized expert on the impact of change on retirement systems and workforce issues. She is a former consulting actuary at Mercer and former president of the Society of Actuaries. Currently, Anna is president of Anna Rappaport Consulting in Chicago, Ill. She can be reached at anna@annarappaport.com.

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[1] A personal disclosure is in order. I serve on the WISER Board and am a Trustee Emeritus of the Actuarial Foundation and a member of the Consumer Education Committee.

[2] The Financial Industry Regulatory Authority (FINRA) is the largest independent regulator for all securities firms doing business in the United States. All told, FINRA oversees nearly 4,850 brokerage firms, about 173,000 branch offices and approximately 649,000 registered securities representatives.

Created in July 2007 through the consolidation of NASD and the member regulation, enforcement and arbitration functions of the New York Stock Exchange, FINRA is dedicated to investor protection and market integrity through effective and efficient regulation and complementary compliance and technology–based services.

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AN INTRODUCTION LETTER FROM EVAN INGLIS, CHAIRPERSON OF THE SOA/AAA JOINT PENSION FINANCE TASK FORCE

By R. Evan Inglis, FSA

As the new chairperson of the SOA/AAA Joint Pension Finance Task Force, I'd like to share with you some thoughts about what I believe to be the significance of our group to pension actuaries and the task force's vision of how pension finance can strengthen the actuarial profession.

Many of you might recognize this group by its old name, the "Financial Economics Task Force." The mission of the task force is to educate the pension actuarial profession about financial economics principles that influence the perspective that plan sponsors, employees, investors, the government and actuaries have on pension plans. As actuaries, other pension stakeholders need us to understand and apply these principles appropriately as we consult with and guide our clients.

Two ideas from the financial economics perspective are key:

- Risk (uncertainty) can have serious adverse financial consequences. Securities markets place an identifiable dollar cost on risk.
- Financial markets are objective price–setters. Actuaries can use financial market prices as an objective measure for calculating costs for pension plans.

Much of our focus as pension actuaries has been on issues that make a day–to–day difference to our clients. We analyze the implications of IRS and FASB rules for private plans and we focus on budgeted costs for public plans. Unfortunately, these paradigms sometimes mask risk. Other perspectives may help plan sponsors to better understand the nature of their pension obligation.

I believe that this fuller understanding of the pension obligation would have led to many more defined benefit plans continuing to provide benefits through the tumultuous 2000's decade. Benefit promises are likely to have been more modest, funding ratios higher, and investment strategies would have been lower risk. Unfortunately, an unusually long (nearly 25–year) bull market caused the pension world to lose its perspective. Pension plans grew much bigger during that period and when financial markets deleveraged, drastic action by regulators and plans sponsors was the almost inevitable result.

If we are to provide the best advice and guidance to our clients, we should strive to incorporate pension finance principles into our knowledge base and consulting discussions. These are not principles that are right or wrong. They are valid principles that help illuminate the financial consequences sponsoring a pension plan. Different actuaries will use them in different ways with different clients, just as different consultants use different mortality assumptions for different clients. However actuaries must learn these principles and know them as second nature, like understanding how a present value is calculated.

On a practical level, pension finance principles will lead us to more effectively discuss the true cost of changing benefits or of taking on or selling plans in corporate transactions. They will help us to identify the value of applying liability–driven investment strategies, understand the real risks and risk reducing characteristics inherent in cash balance plans, and balance the needs of taxpayers, employees and employers in the public plan arena. My hope is that our profession will continue to evolve its perspective on these types of issues in a way that enhances the sustainability of both corporate and public pension plans.

The current membership of the Pension Finance Task Force is listed below. I encourage you to contact any of us with thoughts or questions. You can also visit the SOA Web site at SOA.org to find materials that will further develop your understanding of pension finance principles.

Evan Inglis (Chairperson)
Zvi Bodie
Dan Cassidy
Eric Friedman
Jeremy Gold
Malcolm Hamilton
Dick Herchenroether
Chad Huffmeier
Ari Jacobs
Gene Kalwarski
Ken Kent

Eric Klieber

Eric Klieber

Gordon Latter

Rene Martel

Joe McDonald

Bob North

Michael Peskin

Jeff Petertil

Mark Ruloff

Bill Sohn

Aaron Weindling

Andrew Wozniak

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SOA HOSTS SYMPOSIUM ON PUBLIC PENSION PLAN FINANCING

By Thomas Lowman

I never thought I would go to an actuarial meeting and hear people talk about the Heisenberg Principle and Black Holes. Once again the topic of Financial Economics has surprised me as both came up at the SOA symposium on Public Pension Plan Financing.

Both the actuarial and accounting professions are looking at the way pension plans for employees of state and local governments are accounted for and/or funded. Issues related to the applicability of financial economics principles to the measurement of public pension plan liabilities have been widely and passionately discussed by public pension plan professionals in recent years. This issue has been discussed at a number of actuarial venues including a joint American Academy of Actuaries (AAA)/Society of Actuaries (SOA) roundtable in February 2008, an AAA Public Interest Committee hearing in September 2008, and at numerous continuing education sessions. More recently, the Government Accounting Standards Board (GASB) issued an Invitation To Comment document on public pension accounting issues inviting comments by July 31, 2009, and this topic is a current issue before the Actuarial Standards Board.

To advance the discussion and stimulate further thought, the Society of Actuaries Pension Section Council issued a call for papers in the summer of 2008 seeking a wide variety of perspectives on the issue of public pension plan finance. The call for papers while sponsored by the Pension Section Council was coordinated by volunteers from the Joint SOA/AAA Pension Finance Taskforce and the Pension Section's Research Committee. As a result of the call for papers, about 20 papers were submitted, and in May 2009, most of these papers were presented at an event in Chicago sponsored by the SOA called the "Public Pension Finance Symposium." As expected, there were some lively discussions that occurred given the topic, but all were handled with professionalism.

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Initially I expected that there would be two sides for each paper: the financial economics (FE)/market liability side versus the conventional practice side. However, some papers were about measuring and or communicating risk which is something for both camps to consider. After each paper was presented there were two discussants (chosen to provide differing perspectives) who provided their critique or analysis of the papers.

The main purpose of this article is to provide a short summary of each session from the symposium. In addition, papers and presentation from the event can be found at the SOA Web site with handouts available here and initial drafts of papers available here. Note that an online conference monograph is being prepared for release.

The first session was titled Measuring Public Pension Liabilities—The Contrasting Views. The first to present was Paul Angelo, FSA, with The Segal Company. He presented his views in defense of conventional actuarial practice by using a new construct comparing vectors, which he defined as a series or array of values, and scalars, a single value. He posited that the two key cash flow streams from a pension plan, the benefit streams and the contribution streams, are like vectors, while the point in time measurements of liability are scalars. He went on to focus on contribution vectors for funding and discussed other ideas including the role of the pension plan (trust), achieving level and stable contributions, and the key differences between the public and private sector. Following Paul was David Wilcox, deputy director, Division of Research and Statistics, from the Federal Reserve Board. He provided a defense of the market value liability (MVL) view but also clearly made a point of separating the questions of how to discount liabilities from how to invest assets. He said that there is no question about the issue of how to discount: the principals of finance require something like a risk free bond rate and (if desired) volatility can be solved through investment policy. David noted that public pension promises tend to be very strong legal promises and thus this mandates a risk-free (or nearly so) discounting process. In addition, he made the point that planning based on expected values amounts to assuming that the price of risk is zero. Following these two presentations, Ethan Kra, FSA, with Mercer and Kim Nicholl, FSA, with Pricewaterhousecoopers provided discussant commentary for this session.

Session two was titled The Rationale for Traditional Actuarial Models. Both papers argued for maintaining the current practice in measuring public pension liabilities. Brian Murphy, FSA, from Gabriel Roeder Smith made the first presentation based on the paper, *Actuarial Methods and Public Pension Funding Objectives: An Empirical*

Examination, co–authored by Brian, Norman Jones and Paul Zorn. His presentation focused on a sample plan and how the two models (traditional vs. market liability) would have produced different patterns of cost and funding ratios between 1978 and 2008. The results showed the higher volatility under the market value method. Next Krzysztof Ostaszewski, ASA, from Illinois State University presented a paper on a rational for the traditional method. The paper, *Revisiting Pension Actuarial Science: A Five–Part Series*, was co–authored by Krzysztof, James Rizzo and Piotr Krekora. Like Paul Angelo, Krzysztof focused on some of the differences between the private and public sector. He talked about flaws in the "ABO" measurement. He also talked about eight different measurement purposes and how what is measured might depend on the purpose. Phil Kapler, Executive Director with the St. Paul Teachers' Retirement Fund Association and Sean McShea with Ryan Labs provided commentary and reactions.

On day one we had a lunch speaker: Karl Johnson from GASB's staff. Karl directs pension projects for GASB. He talked about the recently released "Invitation to Comment" (ITC) which GASB issued as they consider changes in pension accounting rules; this is an extremely important project with significant implications for public pension plan accounting. Karl went over the objectives and all seven chapters from the ITC. The ITC is both a request and an impressive detailed framework. Comments were due by July 31, 2009 and subsequently there were two days of public hearings and testimony for the Board. (The American Academy of Actuaries submitted a comprehensive comment letter providing arguments from both viewpoints. The letter is available on the Academy Web site.

The Financial Economics View for Measuring Public Pension Liabilities was the topic of session three where two papers from the MVL point of view were presented. M. Barton Waring, a retired economist from Barclays Global Investors presented his paper, *A Pension Rosetta Stone: Reconciling Actuarial Science and Pension Accounting with Economic Values*. The paper illustrated problems and distortions of using expected rates of return vs. risk free rates. He commented on a recurring theme that "risk" is not factored into the cost when expect rates of return are used. He said this needs to change to rebuild the credibility of the actuarial profession. The second paper, *The Case for Marking Public Plan Liabilities to Market*, by Jeremy Gold and Gordon Latter was presented by Gordon. His message was that no sector can escape capital market rules. He described how they modeled four large plans in different areas of the country and found the MVL was on average 26 percent higher than traditional liabilities. He asked actuaries to do these calculations as part of their routine work. Discussant comments for this session were provided by two actuaries working in the public sector: Alan Milligan, FSA, who works for CalPERS and Bob North, FSA, who works for the City of New York.

The fourth session contained presentations of three papers and was titled: New Ideas For the Future. David J. Kehler, Retirement Administrator for the Tulare County Employees' Retirement Association presented, *Public Pension Plan Financing: The Devil's in the Actuarial Details*. In this paper, David talked about the environment in which public plans operate, including situations like benefit increases during the "go–go" years and new benefit tiers in bad times. He talked about the problem with using "excess earnings" and challenges associated with pension obligation bonds. The second paper was my paper, *The Debate Over Applying FE Principles to the Funding of Public Pension Plans: A Transition Proposal and Other Ideas*, which was about understanding the increased annual cost of going to an MVL measure (three to four times current cost) and suggests a transition approach if this must happen. I provided data on three plans including duration of liabilities and normal cost plus a discussion of details which need to be addressed in the definition of MVL. Finally, Dimitry Mindlin, ASA, with CDI Advisors, presented his views about measuring liabilities in a paper titled, *The Case for Stochastic Present Values*. It focused on the concept that the cost of running a pension plan is uncertain and the present value is a random variable. A lively discussion occurred over a quote attributed to Fisher Black: "...a plan sponsor may want to choose an investment strategy to minimize the present value of future contributions to the plan." The significance of this quote is very interesting, but beyond the scope of this article. Eric Friedman, FSA, from Mercer and Graham Schmidt, ASA, at EFI Actuaries provided discussant commentary.

Session five, Risk Management Ideas for Public Pensions, covered presentations of three papers. Graham Schmidt presented *Communicating Risk in Public Pension Plans*, a paper written by Robert T. McCrory, FSA, (also of EFI Actuaries). One key point made was that simple projections which omit risk are of limited value. He presented a number of different options for analyzing risk including full and partial projections, "error bars" and back–testing. These apply whether we use traditional or FE models. Next, David Kelly, FSA, from Mercer presented a paper he wrote with Bill Hallmark, ASA, also of Mercer, *How Much Investment Risk Can a Government–Sponsored Pension Plan Afford?* He made the point that public plans do not have an infinite risk tolerance. Many do not adjust their investments to recognize growing risks and may be pulled into the "event horizon" (essentially a point of no return used when discussing black holes) well before they run out of money. Finally, Joshua Davis, FSA, of Milliman discussed the paper, *Public Plans: Using Risk Profiles to Manage Funding Goals* which he co–authored with his colleagues Scott Porter, FSA, and Karen Steffen, FSA. Joshua discussed risk profiles and factors other than funded ratios: contribution volatility, investment risks and plan maturity. Their solution focused on funding targets above 100 percent and modified LDI strategies. Commentary for this session was provided by Mark Ruloff, FSA, with Watson Wyatt and David Wescoe, Administrator/CEO for the San Diego City Employees' Retirement System.

Session six contained presentations of two papers by academics covering: The Role & Impact of Equities in Public Plan Investing. The first paper presented was *How Should Public Pension Plans Invest*, by Stephen Zeldes and Deborah Lucas, both of whom are economists at Columbia University and Northwestern University, respectively. Steve made the case that liability determination should not be linked to asset allocation. While they advocated discounting liabilities based on assets with similar risk characteristics, they noted that certain features including pay indexed benefits perhaps argue for equity type discounting. However, in practice the percentage of liabilities for active members has limited correlation with equity investing. Joshua Rauh, an economist from the University of Chicago gave an energetic presentation on the intergeneration transfer of pension promises based on his paper, *Public Pension Promises: How Big Are They and What Are They Worth?*, co authored with Robert Novy Marx (also from University of Chicago). He estimated that the unfunded liability for all U.S. public plans under traditional methods is $0.9 trillion (outstanding municipal securities are $0.94 trillion). Remeasuring these liabilities using FE principles he estimated the unfunded liability to be $3.1 trillion. Douglas Love, senior partner at Ryan Labs and David Kausch with Gabriel Roeder Smith provided discussant commentary and reactions.

The final event was a roundtable with Jeremy Gold, Bob North, Paul Angelo and me. The title was "Where do we go from here?" We discussed topics ranging from "FE in the real world," to "improvements to the traditional model," to "impact of the financial crisis" and finally "GASB's ITC".

Finally, those who did not attend missed a great deal of entertainment value from discussant David Wescoe, San Diego City Employees' Retirement System, Administrator/CEO. His sharp wit provided some appreciated relief in discussing this challenging topic. As part of his discussion, he also provided some words of wisdom:

> Finally, I want to challenge you. This morning I was reading an article about current litigation between a plan sponsor and an actuarial firm. Testifying in the case, the defendant actuary said, "A good actuary responds to what their client is looking for, and in this case, that was number one." May I suggest that this actuary had it

wrong? In my view, a good actuary responds to what their client needs, not just what the client wants.

My challenge to you is to bring intellectual honesty to the table. Respect your clients, but understand they need intellectual honesty from you in order to make the very important decisions that they face. If you come into the room thinking that client retention is more important than being intellectually honest, then you are letting your profession, your client and yourself down.

So, don't give your client what they want. Give your client what they need, which is your best professional advice and integrity above all else. Sometimes clients need to hear things that they don't want to hear. If you don't do it, who will?

This is good advice that transcends the different views expressed at this event. I encourage actuaries to review the papers and presentations from this event as they provide a comprehensive discussion of the issues related to measuring public pension liabilities.

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SOCIETY OF ACTUARIES

PENSION SECTION NEWS

December 2009, Issue No. 71

POLL

Which of the following best describes the effect that the financial crisis has had on your personal work situation?

- None, I'm as busy as ever
- Changed my level of responsibility in same job
- Substantively changed my job (e.g. my focus shifted to investments)
- I'm considering a career change
- I lost my job

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IN THIS ISSUE

PENSION SECTION SURVEY—THE RESULTS ARE IN!

By Marcus Robertson

Last spring, members of the Pension Section were invited to complete an extensive survey prepared by the Section Council's Communication Committee. The results of that survey have been tabulated and we are pleased to present survey highlights in this issue of *Pension Section News*.

First, let me say that we are also pleased at the participation rate. Approximately 700 individuals responded including both section members and others who work in the retirement systems area. Section members participated with a response rate of about 15 percent and we appreciated hearing from those working in the retirement area who aren't currently section members. Thanks to all those who took time to participate. We appreciate your input.

The survey focussed on three topics:

- Research;
- Continuing Education; and
- Communications,

and participants' responses have given the section council food for thought as it plans its activities over the next year and even longer.

In the remainder of this article, we present some of the survey results. For complete survey results go to SOA.org .

Research

The Pension Section spends approximately $25,000 of members' dues each year to supplement the Society of Actuaries' $70,000 annual

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retirement systems research budget (allocated from general SOA revenues). In addition, the Section spent about $50,000 in each of the last three years on the *Retirement 20/20* initiative.

Survey participants were asked how they would spend research dollars and "theoretical research" came to the top of the list. In fact, participants said they would spend:

- 48 percent on research that is primarily theoretical and enhances the technical sophistication of our work;
- 25 percent on reactive research (i.e., How do current events, such as the financial crisis, affect retirement plans?);
- 19 percent on strategic research, such as *Retirement 20/20*; and
- 7 percent on other research, such as experience studies.

When asked about six specific research projects, participants were divided. On a scale of 1 to 5, with 5 being "very important," less than half of the participants ranked any of the studies as 4 or 5 and, depending on the specific research project, between 20 percent and 56 percent indicated that the listed studies were not applicable to them. The research studies that garnered most support were:

- Selecting Mortality Tables: A Credibility Approach (December 2008);
- Pension Risk Management: Derivatives, Fiduciary Duty and Process (September 2008);
- Modeling Long Term Healthcare Cost Trends (December 2007); and
- 2003 SOA Pension Plan Turnover Study (April 2004)

So, why don't actuaries feel these research studies are important?

One reason may be that they don't know the research exists! The vast majority of participants indicated that they seldom use resources available through the Pension Section Web pages, resources such as the Citigroup Pension Discount Curve and Liability Index, Statistics for Employee Benefit Actuaries, Moody's Corporate Bonds and Investment Statistics for Actuaries.

In fact, roughly four of seven participants responded that they rarely or never look to the Pension Section Web pages even for more general information.

Another reason is that many actuaries access similar information through their employers or from other sources. Large consulting firms and insurance companies often conduct their own research. In addition, information is available (sometimes free and sometimes at a cost) from other sources (Bank of Canada, Internal Revenue Service, Bloomberg, etc.).

Finally, participants were asked for specific suggestions for pension related research and the response was overwhelming. A partial list of suggested topics includes:

- Research regarding small plan or small employers;
- Historical analysis of how well asset portfolios that are constructed to specifically "match" pension liabilities actually do match;
- Stochastic modeling of decrements, interest rates, and other assumptions;
- Tools for addressing participant's longevity risk associated with 401(k) plans;
- "Best practice" AFTAP targets over the longer term;
- Potential effects of insufficient retirement savings on future workforce management;
- Practical applications of financial economics;
- Alternative vehicles and delivery systems for accumulating and paying income at retirement;
- Pooling of research from the large consulting firms through an independent party with results to be shared among contributors;
- Pension risks within ERM—current and emerging practices;
- Empirical study of lump sum recipients: are they better or worse off than if they had chosen annuities;
- Empirical studies of trade off of pension coverage for wages: how much do workers really value future income from DB plans;
- The true implications of the risk individuals are taking in DC plans;

- Longevity risk solutions for DC plans and DB plan sponsors;
- Specific approaches for implementing LDI for U.S. pension plans, given the thinness of the long AA bond market;
- Phased retirement; and
- Modeling pension risks in markets or countries with poorly developed information systems or historical data.

While there were many good suggestions for research topics, there was some disagreement about whether research should be focused on practice or theory. Some participants felt that "practical" research should be left to employers, with the Pension Section focusing on theory, while others disagreed. There was no consensus on this topic.

Continuing Education

Not surprisingly, actuaries look to many sources to provide continuing education. As for the primary source, 28 percent of participants look to their employers, whereas professional organizations (the Conference of Consulting Actuaries, the Society of Actuaries, the American Academy of Actuaries, the American Society of Pension Actuaries, and the Canadian Institute of Actuaries) are used by 10 percent to 19 percent of participants.

As American actuaries are unlikely to find Canadian Institute of Actuaries a useful resource, and most Canadian actuaries are not members of organizations other than the Society of Actuaries, the figures shown above need to be considered with some caution. The most significant result is the reliance on employers for continuing education.

When asked to quantify the amount of Continuing Professional Development (CPD) credits earned from various sources, participants indicated that:

- 34 percent come from attendance at professional meetings, seminars, etc., outside their place of employment;
- 28 percent come from attendance at professional meetings, seminars, etc., at their place of employment; and
- 19 percent come from webcasts, video conferences or other live or recorded long distance learning,

with the remainder coming from making presentations at professional meetings, university coursework, independent study or examinations and volunteer work.

Although we didn't ask how use of these sources has changed over time, we are seeing more interest in earning CPD credits through sources that don't require travel, such as webcasts, video conferences, etc., especially in the current economic environment.

This increase in interest in obtaining CPD that does not require travel is supported by participants' attendance at formal meetings sponsored by the various professional organizations. When asked about attendance at specific meetings (the SOA Annual Meeting, the Annual Enrolled Actuaries Meeting and the Canadian Institute of Actuaries Annual Meeting, to name a few), well over 50 percent of participants indicated that they rarely attend or never attend.

In contrast, pension oriented SOA webcasts appear to be fairly popular, with 26 percent of participants having attended six or more webcasts in the past three years. Another 22 percent attended four or five webcasts, 31 percent attended one to three webcasts, and only 22 percent didn't attend any webcasts. Of those who attended webcasts, 79 percent indicated that they were somewhat or very satisfied with the webcasts, while only 3 percent were somewhat dissatisfied or not at all satisfied.

When asked what would attract them to attend more webcasts, topics with immediate application (55 percent) and lower price (27 percent) were most attractive. The remaining 18 percent would look to more theoretical topics, more convenient timing, etc. to attract them to attend more webcasts.

These results were supported by participants' interest in specific topics for future meeting sessions or seminars. Among the more popular topics were actuarial standards, new legislation (Pension Protection Act, for example), and accounting standards. Other topics, such as enterprise risk management, *Retirement 20/20*, financial economics and the global economic crisis also garnered support, but not as much.

A question about attendance at specific SOA pension–oriented seminars or symposia (*Retirement 20/20* Conference, Public Plans Roundtable, Re envisioning Retirement Symposium, etc.) during the past three years elicited mixed reactions from participants, but an overwhelming majority of participants answered "not applicable" as they didn't attend these meetings. Reasons given for "non attendance" included high cost (36 percent), inconvenient locations (17 percent), lack of time (41 percent) lack of relevance to everyday work (39 percent), lack of knowledge of the meetings (17 percent).

There does seem to be an appetite, however, for a spring meeting with a retirement focus, sponsored by the SOA and the Pension Section, perhaps on a co–sponsored basis with one or more of the other organizations. About 69 percent of participants said that a spring meeting was somewhat or very important, with 18 percent of participants indicating that they would attend at least once every two years and 40 percent indicating that they would attend at least once every two to five years.

Communications

The Pension Section communicates with its members using several methods: blast e–mails, the *Pension Section News* (the publication you are reading right now), *The Pension Forum*, and the Pension Section Web page on SOA.org.

When asked how the Council should communicate information about activities and events, and other pertinent information, 90 percent of participants wanted current methods (e–mail at 69 percent and electronic *Pension Section News* at 21 percent) to be the prime vehicles.

When asked how best to get feedback from section members, participants supported several options:

- Periodic surveys (33 percent)
- Web pages where opinions can be posted (26 percent)
- Suggestion e–mail box (19 percent)
- Online discussion forum (16 percent)
- Interactive, town hall type webcasts (3 percent)
- Other (3 percent)

Survey questions about the *Pension Section News* related to reading habits (is the newsletter actually being read), the balance in the newsletter between technical issues, regulatory issues, business topics, professionalism and current events/trends, and suggestions for future articles.

As to reading habits, 7 percent of participants indicated that they read most articles in every issue, 67 percent read some articles and 26 percent rarely read the newsletter. Of those who do read the newsletter, most believe that the balance is about right.

As for topics for future articles, participants were very helpful, with suggestions such as:

- International Accounting

- Measuring Gains & Losses in PPA era
- Tools to replace commutation style functions
- Reviews of pension/actuarial software
- Public and Multiemployer Plans—adoption of Financial Economics and mark to market measurements
- Aging workforce and its implications on the future and pensions
- The Pension Actuary's Complicit Role in the Pension Disaster
- ALM for short term, if less than 10 years horizon
- Solvency Valuation and setting Annuity Purchase rates
- IFRS Accounting Standards—IFRIC 14
- New professionalism issues for pension actuaries (e.g., AFTAPs, balancing quick response and professional standards)
- Specific implementation of LDI for U.S. pension plans given thin AA bond market

As for *The Pension Forum*, only 19 percent of participants indicated that they read most or all of the papers. 39 percent indicated that they read *The Forum* from time to time and 41 percent rarely or never read *The Forum*. These results suggest that *The Pension Forum* is not meeting the needs of section members and a review may be warranted.

The section's Web pages on the SOA Web site, however, were rated "good to excellent" as a communications vehicle by a little over 70 percent of approximately 400 participants. As the SOA revamped sections' Web pages (check them out, if you haven't done so already) to make them more "user friendly" after the survey was issued, we expect the rating to improve in the future.

Other Survey Questions

Participants were also asked questions about:

- their professional designations (11 different designations are represented);
- length of experience in the actuarial field (59 percent of participants have more than 20 years' experience);

- type of employment (76 percent of participants work for consulting firms);
- geographic location (85 percent in the United States, 13 percent in Canada); and
- volunteer activities (27 percent participate in actuarial activities or on professional committees that are outside their place of work).

Of those participants who do not participate in actuarial activities or on professional committees, only 16 percent indicated that they are not interested. Reasons given by other participants for not volunteering include work constraints, lack of company support, personal or family constraints, other volunteer activities and lack of awareness of volunteer opportunities.

Regarding the last reason (lack of awareness of volunteer opportunities), have we ever got an opportunity! The Pension Section Council has three working committees that are manned by volunteers, namely the Continuing Education Committee, the Research Committee and the Communications Committee. Time commitments to these committees are flexible (as working actuaries, we're well aware of time constraints related to work and family) and the work is very rewarding. If you might be interested in joining a committee, please contact me (mrobertson@re-a.com) or Andy Peterson, SOA Staff Fellow (apeterson@soa.org) for details.

Once again, thanks to all those who responded to this survey. We value your input and we will be considering it as we review our research, continuing education and communications efforts.

Marcus Robertson is Chair of the Pension Section Council Chair for 2010. He is a consulting actuary based in Oakville, Ontario and can be reached at mrobertson@re-a.com.

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PENSION SECTION NEWS

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IN THIS ISSUE

A GUIDE TO SURFING THE NEW PENSION SECTION WEB PAGES

By Josh Bank

As you may know by now, the SOA embarked last year and early this year on a comprehensive redesign of its Professional Interest Sections' Web pages, resulting in a more consistent, single brand look across different Section pages as well as user friendly access to the wealth of knowledge and resources that are available to members and other interested parties through the Web pages.

This 2008/2009 initiative was led by Meg Weber and Gina Rutgens of the SOA, along with an advisory group of volunteers composed of Grady Catterall (Health), Kerry Kranz (Financial Reporting), Ruth Ann Woolsey (Entrepreneurial Actuaries), and our own Faisal Siddiqi, representing the 4,000–member Pension Section.

The New Look for Section Web Pages

The resulting "landing pages" for each section's Web area were restructured from a wide variety of layouts that had developed too independently over several years, to a standardized look that provides access to the vast majority of each section's resources via the following main ports:

- Latest News
- Upcoming Events
- Publications
- Additional Information
- Resources, and
- Research

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With lingering memories (neutral at best and frustrating at worst) of the legacy Pension Section Web pages, I embarked upon a full surfing session of the new structure. What I found was a very logically laid out hierarchy, and the ability to very quickly converge on the material that I needed to investigate, without hitting the famed one way streets and dead ends that too often characterized my earlier, ad hoc sessions on the section Web pages.

Still, the enormous amount of material found under the above six standardized categories led me to attempt to build a sort of "site map" for the Pension Section Web pages, an effort that was not feasible for SOA's staff due to the multiplicity of Section Web pages (nineteen of them at latest count) as well as the technical challenge involved in standardizing the entire infrastructure of every section's intellectual capital repositories. Furthermore, most of the material on the Web pages is updated quite frequently, so a static site map would become outdated quickly.

A Quasi Site Map

What I came up with didn't end up looking like the usual site map that you can generate by clicking the appropriate link at the bottom of many other Web sites. What came out of this exercise was instead a three dimensional table that takes the reader down three levels below each of the above "ports." A discussion of the format that I used to try to represent the first three layers of the section's Web pages follows. It would be useful for you to read the remainder of this introductory piece from a printed out copy, and to bring up on your computer the Section's home page and the pdf table associated with this article.

The table (and the home page) contains six main sections, corresponding to the six "ports" mentioned above. These six sections are identified by a graphical icon and a name (for example: Latest News), and are placed in the leftmost column of the table. Primary links that emanate from these ports are placed also in the left column. Second level links appear to the right of the respective primary link, and third level links appear below the respective second level link, in rows identified by "Third-Level Links ."

Example:

Suppose you want to find an article that someone mentioned to you from the January 2005 issue of The Pension Forum. You would go to the "Publications" section on the second page of the table, then look straight down to the primary link "Past Issues," move to the right to the secondary link "Past Issues of The Pension Forum" (this is not a link per se, but it does serve to get you to the right place), and underneath that heading you click on December 2004.

I am not suggesting that you use the table as an ongoing tool to get you to the information you may be seeking on the Web site, but rather as a "flattened out" and fairly comprehensive mapping of the vast majority of the material and resources that reside on our section Web pages. If you spend 30 minutes browsing the table and click on a half dozen of the over 200 links I've imbedded in this quasi site map, you should quickly get a sense of (a) the enormous amount of valuable information and resources to which you have access, and (b) the relative ease with which you are able to quickly home in on what you are seeking.

Of course, if you have the time and inclination, I do encourage you to click your way through the table, and if you feel really ambitious (or bored some evening), you may choose to go beyond just locating individual items, and actually do a random read of some of the fascinating intellectual capital that makes its home in this electronic treasure trove and at other locations linked to from within this site!

The Pension Section Web Pages are here for YOU!!!

Have fun, and if you don't have a chance to spend much time surfing our improved section Web pages during the next few weeks, at least make a New Year's resolution that you will give yourself some time early next year to get reacquainted with this wonderful resource!

Josh Bank, ASA, EA, is chairperson of the Pension Section Council's Communications Team and editor of the Pension Section News. Josh can be reached at jobank@gmail.com.