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EDITOR'S COLUMN

Art Assantes, FSA

We have a wonderful lineup and I would like to thank the contributors to this edition of the *Pension Section News*. As always, Cindy Levering has provided us in the "Chairperson's Corner" with a timely update of the Pension Section Council's activities. What you will notice is just how active the council has been in gathering and disseminating information on important topics such as the characteristics of retirement systems that will need to be developed as the economy and the needs of our population evolve into the future. The council has spent considerable effort on the *Retirement 20/20* initiative and I would encourage our readers to go the [Retirement 20/20 Web site](#) and read the postings.

As you know, the "Chairperson's Corner" is a regular feature of the *PSN*. Now we'd like to introduce you to a new recurring column, "Perspectives from Anna" by Anna Rappaport, chairperson for the SOA's Committee on Post-Retirement Needs and Risks. This committee has been very active in studying the risks that people face in the post-retirement period. In her column, Anna provides a description of resources on the committee's Web site—specifically several surveys that review how individuals invest their assets after retirement; the phases of retirement; the impact of longevity on retirees' quality of life; and the spectrum of risks that confront individuals once they have retired. In addition, she points our readers to non-SOA resources so that they can further explore the growing body of research and literature on post-retirement issues. In a second article, "Retirement Decisions: Avoiding Dangerous Assumptions and Missteps" co-authored by Anna and Susan Spraker, Anna discusses the many assumptions and mistakes that individuals make leading up to retirement, and Susan introduces and discusses seven rules to follow for achieving a successful retirement.

As you quickly look over the *PSN's* table of contents you will also see that we have a thought-provoking article from Larry Bader. In his article, Larry clarifies the pension finance model's application to liabilities and expands on the model's utility. He stresses that pension liabilities are very much like bond liabilities and that the traditional life contingencies based actuarial model handles expected future pension cash flows in the same manner as a bond portfolio's cash flows. He points out some actuaries' assert that without a market of tradable liabilities, the Law of One Price does not apply. But Larry asserts that a simple, common sense rule of "like liabilities should have like values" should be applied and that pension liabilities should therefore be valued using the same discount rates as bonds. He concludes by saying that the markets—not the actuary—should be setting the discount rate assumptions when it comes to determining the economic value of pension liabilities.

Anne Button wraps up this edition of the *PSN* with a report on the 2008

Future of Life-Cycle Savings and Investment Conference. At this conference, the presenters pointed out the financial challenges that workers face as they enter the traditional retirement period of their lives. In her article, Anne summarizes the divergent views offered by conference presenters on the benefits and shortfalls of phased retirement.

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