

CHAIRPERSON'S CORNER

By Azita Bassiji

My term on the Pension Section Council (PSC) will conclude by the end of October 2014. I am grateful for the opportunity to serve as the chair of the PSC over the last year.

I mentioned in my January 2014 article in *Pension Section News* that the continued extreme volatility in pension obligations combined with longevity risk is forcing more and more defined benefit plan sponsors to rethink the design of their defined benefit pension plans. The Pension Section Council, through the Research and Continuing Education Committees has supported a number of research papers and continuing education activities in this area and desires to do more over the next several years.

RESEARCH

In the May issue of *Pension Section News*, I provided a list of research papers already completed and the list of research currently underway in this area (and related areas), including Canadian specific research.

I encourage you to tap into this research already available and those that will become available soon. I have found the research helpful in discussions on plan designs with plan sponsors.

Moreover, there has been a momentum building over the last several years around sustainable pension plan designs. The Forward Thinking Task Force of the American Academy of Actuaries undertook the initiative of Retirement for the AGES report. Several of the Canadian provinces changed legislative framework to allow design of Target Benefit pension plans. A number of industry thinkers are speaking about “Target Ambition” pension plans. The Pension Section Council has formed a Project Oversight Group to address the potential education needs in the area of risk shared pension plans. Some of the questions (in no particular order) faced by the POG are:

1. What are “risk shared” pension plans?
2. To what extent do these plans meet employer, labor management and finance objectives?
3. What are the impediments for establishing risk shared plans?
4. How does the distribution of costs and risks compare among DB, DC and risk shared designs?
5. What valuation issues are introduced by risk shared plans?



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6. How do they behave under various economic scenarios, including stress testing?
7. What types of legislative changes are required in order for risk shared pension plans to work?
8. How do the different retirement plan designs compare to the various goals plan sponsors have for offering retirement plans?

If you are interested in the participating in these efforts, please contact me, Aaron Weindling (incoming chair of the PSC) or Andy Peterson (SOA Pension Staff Fellow).

CONTINUING EDUCATION

As mentioned in the SOA Pension Staff Fellow, Andy Peterson's column and in the continued effort to provide relevant education, the Pension Section Council will sponsor a "mini-seminar" on "Pension Plan Risk Sharing Series" at the SOA annual meeting on Oct. 26-29, 2014. At the time of writing this column, the content of the sessions are being finalized and will include:

- Overview of risk sharing plans and design approaches from a global perspective;
- Valuation and funding of these plans – considering the allocation of risk among stakeholders;
- A case study and best practices; and
- Current regulatory limitations

I hope you will find the "mini-seminar" helpful as you assist plan sponsors in designing sustainable pension plans.

Lastly, in January 2014 I encouraged more actuaries to become members of the Pension Section. I am delighted that despite a small decline in Pension Section membership since last year, we had 11 new Pension Section members this year. Moreover, as you already know, we have five great candidates seeking seats on the PSC:

David R. Cantor;

Thierry Chamberland;

Grace Lattyak;

Michael J. Noble; and

Judy C. Ocaya

I would like to thank these candidates for their desire and willingness to volunteer time for the good of the profession.

Participating in the Pension Section Council has been a rewarding experience for me and it has helped me grow as a consultant. I encourage all of you to consider volunteering opportunities with the SOA and the Pension Section Council. ■



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