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# RESEARCH CONDUCTED BY THE PENSION SECTION COUNCIL

*By Faisal Siddiqi*

You have probably noticed that the Society of Actuaries (SOA) has been mentioning many of its research activities of late through different media. You'll have seen research mentioned in *SOA News Today*, on the SOA website, in meetings, and through regular reminders via blast emails that list activities actuaries can pursue for continuing education purposes. Given that the SOA is an education and research organization, this makes a lot of sense. The purpose of this article is twofold: first, to raise the awareness of the research that has been conducted by the Pension Section Council's Research Committee and the research conducted by the Committee on Post-Retirement Needs and Risks; second, to outline the plan we have for making it useful for practitioners.

Before I begin, if you want to just get an overview of the SOA's research activities, check out the Web page, SOA.org/research/at-a-glance.aspx . On that page there is a good article under "About Us" that outlines the SOA's research activities. Even if you haven't thought about it recently, you may be asking yourself why research is done at all by the SOA. There are many good reasons, but I think the most important one is that it frees up time for today's actuaries. This allows many practitioners to concentrate on their work fully knowing that many of the questions that they wonder about are being addressed by a group of experts who can provide good answers. Eventually, this work helps us all.

The Pension Section's research is actually divided into various activities, as follows: Retirement 20/20, Pension Finance Task Force, technical retirement research (includes monographs and experience studies) and Committee on Post-Retirement Needs and Risks (CPRNR). I will concentrate on the technical research and the CPRNR. With respect to the technical research, the Pension Section Council's Research Team has done a lot here. The team is headed by Kevin Binder, and he and the

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leadership before him have put in many years helping the council coordinate and understand the work done. There are articles on selecting mortality tables, pension plan turnover studies, aging curves for health care costs, single life versus joint life payout options, a life expectancy calculator, reversion taxes on pension plan funding, etc. For a full list please go to SOA.org/research/research-projects/pension/default.aspx. This page includes work conducted from 2003 to date and has many practical applications.

With respect to the CPRNR, its objective is to focus on the risks individuals face when in or nearing retirement. This objective is a very broad one and it connects to people at an individual level or human level. The committee is chaired by Anna Rappaport and its strength is in part due to the participation from both actuaries and individuals with other professional backgrounds. If you go to the CPRNR page on the SOA website, SOA.org/professional-interests/section-committees/pension-committees/post-retire-needs-risk.aspx, you'll find a listing of all the contributing parties.

The exact purpose of the committee is to initiate and coordinate the development and maintenance of educational materials, continuing education programs, and research related to risks and needs during the postretirement period. In terms of some of the activities this committee has done, you'll be interested to know that it runs a risk survey every two years (originally started in 2001). There will be one conducted this year. The main focus area has yet to be finalized. The 2009 survey discussed the impact of retirement risk on women, the process of planning and personal risk management, and understanding and managing risks in retirement. The 2007 survey discussed phases of retirement and health and long-term care risks in retirement. The CPRNR has also looked into the following topics which provide great insight: housing in retirement, managing postretirement risks, whether my assets will last my lifetime, health and long-term care risks in retirement, retirement implications of demographic and family change, etc. Check out the following link: SOA.org/research/research-projects/pension/research-post-retirement-needs-and-risks.aspx .

As you can tell from the foregoing, there is a lot of material out there and much work has been done. However, I find that many actuaries don't know about it and even fewer have perhaps thought it could help them with their everyday work. I think we should all know more about this research and find ways to use it. Therefore, as part of my role on the Pension Section Council, I am leading a project group that will find many ways to make section members more aware of this body of work through the *Pension Section News*, Pension Section Update and LinkedIn, and at meetings. We will also publish articles that highlight particular research and give suggestions on how it can be used.

I hope you will find this interesting and useful to you.

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