

EDUCATION AND EXAMINATION COMMITTEE OF THE SOCIETY OF ACTUARIES (SOA)

FALL 2011

RETIREMENT BENEFITS—COMPANY/SPONSOR PERSPECTIVE (CSP)—U.S.

INTRODUCTORY STUDY NOTE

1. The Retirement Benefits—Company/Sponsor Perspective examination for Fall 2011 will be given on **Friday, November 4th, from 8:30 a.m. –1:15 p.m.** The examination will consist of four and one-half hours of written answer questions. The first 15 minutes of the exam session will be a read-through before the actual 4.5 hours of writing begins.

2. **Learning Objectives**

The candidate should be very familiar with the Learning Objectives. The Learning Objectives describe what is expected from candidates who complete this exam and, therefore, were the first ingredient in developing the syllabus. You will notice that candidates are expected to “analyze,” “explain,” “calculate,” “apply,” etc. These skills represent the level of cognitive ability that is expected from CSP candidates, and **exam questions will be established and candidate’s responses will be evaluated with these specific skills in mind.** While studying the syllabus material, candidates may want to refer back to the Learning Objectives to remain focused on the goals of this exam.

3. In order to attain Fellowship in the SOA in the Retirement Benefits Track, candidates must successfully complete both the Design & Pricing (DP) Exam and the Company Sponsor Perspective (CSP) Exam administered by the SOA. Both of the exams cover topics that are applicable to defined benefit and defined contribution retirement plans, executive benefit plans and retiree health plans. Specific topics included in both the DP and CSP exam cover items such as valuation, plan design, plan funding and investment, practice standards and regulation.

While there are broad retirement topics that have common ground between the DP and CSP exams, the focus of the DP and CSP exams is quite different. The DP exam is intended to cover the basics of: plan design for both broad-based and executive retirement benefit plans, plan valuation, assumption setting, regulation and plan assets held for investment. In the US, portions of these topics are not included on the DP exam, but are rather covered as part of the Enrolled Actuaries examinations.

Many of the topics identified as applicable to the DP exam are also included in the material for the CSP exam. In fact, there are a number of syllabus references that are common to both the DP and CSP exam. The CSP exam, however, is designed to approach these broad retirement topics within the context of a plan sponsor’s particular situation, with particular emphasis on the risks associated with a given approach that a sponsor may choose to take. Also, since the publication and management of financial statements is the responsibility of the plan sponsor, the financial statement accounting requirements associated with retirement plans are logically part of the CSP exam syllabus.

To illustrate the different focus of the DP and CSP exams, consider the topic of “hybrid” plan design. An appropriate DP examination question would be to ask for a description of the unique features of the various forms of hybrid plans, or for a comparison of hybrid plans to traditional defined benefit or

defined contribution plans. For the CSP exam, an appropriate question would be to ask for an assessment of the financial risks to plan participants of a hybrid design versus a traditional defined benefit or defined contribution plan, or to ask about specific accounting valuation issues unique to hybrid plans.

The following table shows a recommended FSA module/exam sequence for the Retirement Benefits track:

1	Social Insurance Module
2	Financial and Health Economics Module
3	Operational Risk Module or Investment Strategy Module
4	Design & Pricing (DP) Exam
5	Company Sponsor Perspective (CSP) Exam

This order is NOT mandated. Each candidate will determine the appropriate sequence based on factors including readiness to sit for an exam, exam administration schedules, or study time available. Although neither of the FSA retirement modules nor the DP exam are prerequisites for the CSP exam, please keep in mind that questions for the CSP exam will be set assuming that candidates have a basic familiarity with the general topics and concepts that are covered in the FSA retirement modules and the DP exam.

In the US, successful completion of the Enrolled Actuaries (EA) exams administered by the Joint Board for the Enrollment of Actuaries is required in order to attain the FSA designation in the Retirement Benefits Track. The EA exams can be completed at any time during the above sequence. The syllabus of both the US DP and US CSP exams is set with the intention of being independent of the EA exam syllabus. Examination questions for both the US DP and US CSP exams are set without any reliance on the EA exams as a prerequisite.

4. Any changes in the Syllabus for this exam will be published under “Updates” in this exam’s home page on the SOA Web site.
5. The Syllabus material includes textbooks, online readings, as well as the study notes listed below. A complete listing of the Syllabus and Learning Objective is located in this exam’s home page on the SOA Web site.

STUDY NOTE CODE	TITLE
RU-C13-11	Retirement Benefits Case Study–U.S. (available online only)
R-C101-07	Seven Steps Toward Creating a Standout Retirement Savings Plan
R-C102-07	Chapter 5 of <i>Private Pension Policies in Industrialized Countries: A Competitive Analysis</i>
R-C103-09	Comparison of IAS 19 with FAS 87/88/106/132(R)/158, CICA 3461 and FRS 17– Summary of Provisions Affecting Accounting for Postretirement Benefits
R-C104-09	Replacement Ratio Study–A Measurement Tool for Retirement Planning
R-C105-07	Pension Actuary’s Guide to Financial Economics (worksheet available online–see link in syllabus)
R-C106-07	The Case Against Stock in Public Pension Funds

R-C107-07	Equities in DB Plans—Is the Traditional 60/40 Mix a Dinosaur?
R-C108-07	Why Are Healthy Employers Freezing Their Pensions?
R-C109-07	Integration With Social Security
R-C110-07	Chapter 15 of the <i>Handbook of Executive Benefits</i>
R-C112-07	Pension Investing and Corporate Risk Management
R-C114-07	A Fresh Look at Pension Risks
R-C116-07	Financing the Future: How Fit is Your Pension Funding Policy?
R-C117-07	Pension Deficits: An Unnecessary Evil
R-C118-07	Pension Issues in Corporate Sales, Mergers and Acquisitions
R-C119-07	Fiduciary Liability Issues for Selection of Investments
R-C120-11	Introduction and Overview of Retirement Plan Investments (available on the updates page http://www.soa.org/education/exam-req/syllabus-study-materials/edu-updates-exam-csp-rc.aspx)
R-C121-07	Converting Pension Plans From A Defined Benefit to a Defined Contribution Design—Issues to Consider in Canada
R-C122-07	Statement of Investment Policies for Defined Benefit and Defined Contribution Plans
R-C123-07	Funding Risks for Multi-Employer Pension Plans
R-C124-07	Recent Issues in Corporate Financial Reporting (pp. 11–14 only)
R-C125-07	Pensions and Corporate Financial Performance—Keeping Your Eye on the Ball
R-C126-07	Recent Trends in Canadian Defined-Benefit Pension Sector Investment and Risk Management
R-C128-07	Chapter 6 of <i>Private Pension Policies in Industrialized Countries: A Competitive Analysis</i>
R-C130-07	Reinventing Pension Actuarial Science
R-C131-07	Plan Freezes: The New Ice Age
R-C132-07	20 Questions Directors Should Ask About Their Role in Pension Governance
R-C133-07	Back to the Future
R-C137-08	Pension Projections
R-C138-09	The Case for Stock in Pension Funds
R-C139-09	The Place for Lifestyle Funds in a 401(K) Plan
R-C140-10	Acquiring a U.S. Operation—A Primer
R-C141-10	What Will the Next 20 Years Bring?
R-C142-10	Bader and Gold's Rebuttal to <i>The Case For Stock in Pension Funds</i>
R-C143-10	Constructing New Retirement Systems: Choosing Between Insurance and Investment, Choice and Default
R-C144-10	Mergers & Acquisitions—Due Diligence of Retirement Plans
R-C145-10	Challenges for Users of Actuarial Information Arising From Current Market Conditions
R-C147-10	How a Pension Plan's Funding Level Should Influence Its Investment Strategy
R-C148-10	Jim Moore Discusses Liability Driven Investment Strategies and Concepts
R-C149-10	Plan Sponsor Guide to Liability-Driven Investing
R-C150-10	Mind the Gap: Using Derivatives Overlays to Hedge Pension Duration
R-C800-07	Airline Plans' Underfunding Illustrates Broader Problems with the Defined Benefit Pension System
R-C801-07	Evaluating Financing Options for Nonqualified Benefit Plans

R-C802-07	Executive Compensation and Benefits: Conducive, Elusive or Abusive?
R-C803-07	Executive Compensation 2005: Many Forces, One Direction
R-C805-07	Taking Stock of Option Expensing
R-C806-09	IRS Issues Final Regulations Relating to Phased Retirement
R-C807-09	The Long and Short of the Pension Protection Act of 2006
R-C808-09	IRS Issues Final 409A Regulations
R-C809-09	IRS Issues Final 409A Regulations—Part II
R-C810-09	IRS Issues Final 409A Regulations—Part III

6. Study Note RU-C13-11 is a case study that will be used as a basis for some questions on the Fall examination. Be sure to answer the questions asked by referring to the case study. For example, if asked for advantages of a particular plan design to a company referenced in the case study, limit your response to the specifics for that company. Other advantages should not be listed as they are extraneous to the question and will result in no additional credit. Further, if they conflict with the applicable advantages, no credit will be given. Candidates are advised to familiarize themselves with the case study. A copy will be included in the examination booklet. Candidates will not be allowed to bring their study note copy of the case study into the examination room.

7. Several book distributors carry some or all of the textbooks for the Society of Actuaries exams. A list appears on the SOA Web site <http://www.soa.org/education/exam-req/resources/edu-txt-manuals.aspx>. A set of order forms from these distributors is included with this study note package.

The order forms contain information about prices, shipping charges, mailing policy and credit card acceptance. Any book distributor who carries books for SOA exams may have their order form included in this set unless the SOA office receives substantial complaints about service. Candidates should notify the Study Materials Administrator of the SOA in writing if they encounter serious problems with any distributor.

8. The examination questions for this exam will be based on the required readings for this exam. If a conflict exists (in definitions, terminology, etc.) between the readings for this exam and the readings for other exams, the questions should be answered on the basis of the readings for this exam.

9. Candidates may ONLY use the battery or solar-powered Texas Instruments BA-35 model calculator, the BA II Plus*, the BA II Plus Professional*, the TI-30Xa or TI-30X II* (IIS solar or IIB battery), or TI-30X MultiView (XS solar or XB battery). Candidates may use more than one of the approved calculators during the examinations.

Calculator instructions may not be brought into the exam room. During the exam, the calculator must be removed from its carrying case so the supervisor can confirm it is an approved model. Candidates using a calculator other than the approved models will have their exam disqualified.

Candidates can purchase calculators directly from: Texas Instruments, Attn: Order Entry, PO Box 650311, Mail Station 3962, Dallas, TX 75265, phone 800/842-2737 or <http://epsstore.ti.com>.

**The memory of TI-30X II, TI-30X MultiView and BA II Plus, BA II Plus Professional will need to be cleared by the examination supervisor upon the candidate's entrance to the examination room.*

10. Order forms for various seminars/workshops and study manuals are included with this set of study notes. A list appears on the SOA Web site <http://www.soa.org/education/exam-reg/resources/edu-sem-workshops.aspx>. These seminars/workshops and study manuals do not reflect any official interpretation, opinion, or endorsement of the Society of Actuaries or its Education & Examination Committee.

Please note that the Examination Committee expects candidates to read the material cited in the *Syllabus* and to use other material as a complement to the primary sources rather than a substitution for them.

11. The Society of Actuaries provides study notes to persons preparing for this examination. They are intended to acquaint candidates with some of the theoretical and practical considerations involved in the various subjects. While varying opinions are presented where appropriate, limits on the length of the material and other considerations sometimes prevent the inclusion of all possible opinions. These study notes do not, however, represent any official opinion, interpretation or endorsement of the Society of Actuaries. The Society is grateful to the authors for their contributions in preparing study notes.

The American Academy of Actuaries, the Canadian Institute of Actuaries, the Conference of Consulting Actuaries, and the Society of Actuaries jointly sponsor the examinations administered by the Society of Actuaries.