

December 2009, Issue No. 71



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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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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, Reenvisioning 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.

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