SOA Research INSTITUTE

Fast Facts

Defined Benefit Risk

Phase 2: Expert Interviews

Aging and Retirement

SUMMARY

The Retirement Section of the SOA sponsored a two-part study on Defined Benefit Risk:

Phase 1 – Literature Review

Phase 2 – Executive Interviews

The Phase 1 report identified relevant research articles on risk *management*, risk *measurement*, and risk *mitigation*. The report and identified research pieces can be found here:

https://www.soa.org/globalassets/assets/files/resources/research-report/2020/def-benefit-risk-lit-search-report.pdf

Phase 2 provides additional insight on these topics through a series of executive interviews.

Collectively, the interviews provide insight into Defined Benefit Risks that vary by plan type (public, multi-employer, private) and by area of expertise (CFO, CRO, Outsourced CIO, Actuary, Investment Consultant)

HIGHLIGHTS

- The research team conducted hour-long executive interviews with the following categories of individuals, to discuss their unique perspectives on pension risk:

  o Chief Financial Officer – Financial Sector

  o Chief Risk Officer – Manufacturing Sector

  o Consulting Multiemployer Actuary / Academic

  o In-house Public Sector Pension Actuary

  o Investment Consultant

  o Outsourced Chief Investment Officer

  o Canadian Consulting Actuary – FSA and CERA

- Each interview provides valuable insight into the broad topic of pension risk including what's worked well, what has been challenging, etc. and best practices in the evolving field of pension risk from the unique perspectives within the interview group.

- The report concludes with common themes on pension risk perspectives among the interview group.

GET THE FULL REPORT

Defined Benefit Risk, Phase 2: Expert Interviews

https://www.soa.org/49844d/globalassets/assets/files/resources/research-report/2022/dp-benefit-risk-p2.pdf

METHODOLOGY

- The research team sought interviews with a diverse group of professionals with expertise on the topic of pension risk. Using professional contacts, and with the help of an independent calling firm, the research team conducted a direct outreach campaign. Ultimately, the research team conducted hour-long executive interviews with the 7 individuals identified above (Highlights).

- Prior to performing each interview, an introductory call was held to discuss the purpose of the interview, more specifically, to document the interviewee's unique perspective on *risk management*, *risk measurement*, and *risk mitigation* topics. For background on each of these subjects, see Phase 1: Literature Review.

- Interviews were conducted, key points were documented, and common themes were identified among the interview group.

REPORT SPECS

- Published: April 2022
- Pages: 26
- Access: Open access downloadable pdf
- Research sponsor: Society of Actuaries Research Institute
- Author: David G. Pitts, FSA, MAAA

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Benefit at Risk for Lifetime Pension Pools
https://www.soa.org/resources/research-reports/2023/benefit-risk-lifetime-pension/

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