

# A New Risk Metric for Defined Benefit Pension Plans

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## **Abstract**

In order for actuaries to play a valuable role in the realm of enterprise risk management (ERM), they must provide value-added advice and quantitative analyses. In this paper, the authors use stochastic simulation technology to present a risk metric for defined benefit pension plans that provides improved measures of the plan's solvency and provides a tool for pension plan managers to determine the value of risk mitigation activities.