SOCIETY OF ACTUARIES

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Pension Section News

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PENSION SECTION NEWS

From the Pension Section Council Chairperson

Pension Training Software

by Colin England

Help! We recently completed Phase I of our Pension Training Course. We've been working on this for several years. We are trying to develop material to teach a new analyst the things they need to know to do their job. We don't expect to supplant on-the-job training, but to help you in training your new analysts. Phase I is a modest beginning, primarily focused on an overview of the pension world, with limited instruction in pension plan documents, benefit calculations, and the steps in a pension valuation.

We need your comments on:
- How useful are the current materials?
- How can we make them more useful?
- What are the most critical additional areas for additional training?

Excerpts from the PBGC Actuarial Valuation Report—1999 Fiscal Year

Editor's Note: The 1999 Annual Report of the PBGC and the complete 1999 Actuarial Valuation Report, including additional actuarial data tables, are available from Loretta Berg at the PBGC, (202) 326-4040, upon request.

The 1999 Annual Report of the Pension Benefit Guaranty Corporation (PBGC) contains a summary of the results of the September 30, 1999, actuarial valuation. The purpose of this separate Actuarial Valuation Report is to provide greater detail conerning the valuation of future benefits than is presented in PBGC's Annual Report.

Overview

The PBGC calculated and validated the present value of future benefits (PVFB) for both the single-employer and multi-employer programs and of non-recoverable financial assistance under the multi-employer program. For the single-employer program, the liability as of September 30, 1999, consisted of:
- $10.06 billion for the 2,775 plans that have terminated
- $2.85 billion for 25 probable terminations

Liabilities for "probable terminations" reflected reasonable estimates of the losses for plans that are likely to terminate in a future year. These estimated losses were based on conditions that existed as of PBGC's fiscal year-end. It is likely that one or more events subsequent to PBGC's fiscal year-end will occur, confirming the fact of the loss. In addition, the liability for reasonably possible terminations has been calculated and is discussed in Note 8 to the financial statements on page 37-38 of PBGC's 1999 Annual Report. A discussion of PBGC's potential claims and net financial condition over the next ten years is presented on pages 15-17 of that report.

For the multi-employer program, the liability as of September 30, 1999, consisted of:

In This Issue

Chairperson's Column
continued from page 1

This software will be available on the Society of Actuaries web site (*www.soa.org*). Initially, your (or your analysts') use will be without charge. At some point in the future, we must charge for its use, so as to support further development and maintenance. We're wrestling with the alternatives of a per use charge or a per person charge.

Please take a look, and let us know what you think. You can email me at *colin_England@palmercay.com* or Judy Anderson at *janderson@soa.org*.

Section Council elections
Our candidates will be running for section council shortly. However, we're concerned that we've only considered people known to at least one member of the council. We want to change that for next year, by asking you if you want to participate. The Section Council meets four times a year (with more frequent meetings by conference call), and is primarily involved in funding research, arranging publications (such as this newsletter), organizing seminars and organizing the spring SOA pension meeting. If you're interested, please email me, Judy or the Vice Chair — Bruce Cadenhead (*bruce_cadenhead @mercer.com*).

Colin England, FSA, is a principal at Slabaugh Morgan White & Associates in Reston, VA. He can be reached at colin.england@palmercay.com.

Colin England

Retirement Needs Framework

The rapid aging of our society may create one of the more dramatic shifts in important issues for actuaries. The period beginning with retirement will be getting more attention. *Retirement Needs Framework*, a new monograph from the Society of Actuaries, contains 13 papers focusing on the needs and risks that arise during the post-retirement period. The papers study issues including:

- the retirement decision and new approaches such as bridge jobs and phased retirement
- the effects of public policy and plan design on retirement
- the frail elderly and their special needs
- the contrast between benefit provisions and the needs of widows
- investment strategies, annuitization, and asset utilization during the post-retirement period
- modeling approaches and data needs for studying this somewhat overlooked period

These papers were presented at a Society of Actuaries' symposium held in December, 1998. Symposium attendees included actuaries, economists, lawyers and other professionals, offering a chance for diverse backgrounds to work together and exchange ideas. In addition to presented papers, the monograph includes a digest of points raised during the symposium discussion as well as ideas for future work.

With the increasing focus today on change in both government and corporate retirement programs, the insights gained from this symposium are crucial for addressing new challenges facing the actuarial profession.

To order a copy of the *Retirement Needs Framework*, SOA Monograph M-RS00-1, please contact:

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