



SOCIETY OF ACTUARIES

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work. The actuary has no direct role with regard to participant communication. However, an actuary should provide complete information to the plan sponsor, which should support the plan sponsors in developing their communication programs.

Much of the press coverage on cash balance plans has been negative, and members of the profession have been criticized directly. News coverage has focused on what some see as a lack of honest and thorough communication to employees about the differences between cash balance plans and traditional plans. I strongly support giving employees honest and complete information. I also support researching employee groups to understand what information is likely to be effective. Information overkill just makes the topic incomprehensible for employees.

The SOA's role

The Society of Actuaries has concentrated heavily on education, research, and service to its members concerning the transition in American business and

the growing use of cash balance plans. Recent meetings have offered many sessions on these topics. *The Actuary* has published numerous articles, even devoting a majority of some issues to business changes affecting pensions and life and health insurance. Also, in 1998, the SOA cosponsored a symposium, "Strategies for a Changing Workforce," with the International Foundation of Employee Benefit Plans and the American Compensation Association.

The SOA has prepared two research studies on cash balance plans, one of which is discussed in this issue (see story, page 11). The other study, "Actuarial Aspects of Cash Balance Plans," includes a survey of cash balance plan provisions and discusses the associated actuarial issues. It will be released during 1999.

The SOA also has focused on events of the post-retirement period and the increased use of lump sums. A major SOA research project, "Retirement Needs Framework," seeks to advance

our thinking about these events, getting data and modeling them.

These and efforts by other actuarial organizations are helping actuaries deal with questions surrounding cash balance plans and the turbulent business world. Our clients and employers need us, and the public needs us more than ever.

With this issue, we welcome Anna M. Rappaport to The Actuary's editorial board. Rappaport was the 1998-99 president of the Society of Actuaries. In addition to long, devoted service on SOA committees and task forces, Rappaport, a principal and consulting pension actuary for William M. Mercer, has been a catalyst for major SOA projects such as the 1998 Retirement Needs Framework Conference and the current Retirement 2000 project. She has written frequently for The Actuary on pension-related topics. Contact her by e-mail at anna.rappaport@us.wmmercer.com.

RETIREMENT CORNER

What's going on at the SOA in the retirement needs practice area? Here are highlights of some current activities.

Asset valuation methods

A summary of survey results on asset valuation methods in use and how various plan circumstances and features may influence the method selected is now available from the SOA Books Department (phone: 847/706-3526; fax: 847/706-3599; e-mail: bhaynes@soa.org). As a follow-up to this report, a call for papers is being issued on classification and effectiveness of asset valuation methods for uninsured pension plans. These efforts are intended to fill

gaps in the literature in order to reflect the significant changes in pension plans, investments, returns, and markets that have occurred since the 1970s.

Retirement 2000

Mark your calendars for the Retirement 2000 conference in Washington, D.C., Feb. 23-24, 2000. Featured will be presentations and discussions on roughly 20 papers discussing retirement issues and public policy implications. The presentations will be grouped in the following topics: Getting Dollars Saved, Once the Dollars Are Saved, The Border Period and the Retirement Decision, and The Payout Phase.

Ongoing Research

Mortality: Later this year, the SOA expects to circulate an exposure draft of the RP2000 Mortality study. The study, based on about 11 million life-years of uninsured pension plan experience, not only will provide graduated mortality tables but also discuss differences by industry, collar type, and annuity size.

Actuarial Aspects of Cash Balance Plans

This project spotlights new trends in the design of cash balance plans and the actuarial issues they raise. Results are expected this winter.

Upcoming publication: Papers from the Retirement Needs Framework project will be available in a monograph later this year. This project focused on the oft-ignored post-retirement period. Topics covered include modeling of changing financial needs, investment choices, effects of declining health, death of a spouse, payout options, and retirement age.

Information on initiatives in the SOA's retirement practice area is available from the SOA office.

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