

Retirement Plan IRM Exam

Fall 2017/Spring 2018

Important Exam Information:

Exam Registration	Candidates may register online or with an application.
Order Study Notes	Study notes are part of the required syllabus and are not available electronically but may be purchased through the online store.
Introductory Study Note	The Introductory Study Note has a complete listing of all study notes as well as errata and other important information.
Case Study	A case study will not be used for this exam.
Past Exams	Past Exams from 2000-present are available on SOA website.
Updates	Candidates should be sure to check the Updates page on the exam home page periodically for additional corrections or notices.

Retirement Benefits: Retirement Plan Investment and Risk Management Exam
Fall 2017 and Spring 2018

1.

Learning Objectives

The candidate will understand how to analyze the issues facing retirement plan sponsors regarding investment of fund assets and make recommendations.

Learning Outcomes

The Candidate will be able to:

- a) Assess the different types and combinations of investment vehicles for providing retirement benefits given the particulars of the stakeholders' financial circumstances, philosophy, industry, work force and benefit package.
- b) Distinguish the various strategies, approaches and techniques used to manage retirement fund assets
- c) Given a context, analyze a Statement of Investment Policy.
- d) Assess the potential effects of various investments and investment policies on all of the stakeholders, including tax implications.
- e) Describe the regulatory restrictions on and guidelines for retirement plan assets.
- f) Identify and assess the sources of investment risk applicable to retirement fund assets
- g) Solve for a measure of investment performance relevant to a given benchmark

Resources

- *Modern Investment Management*, Litterman, Ch. 2, 17, 22, 23, 24, 27 (pp. 501-505 only) and Ch. 28 (pp. 516-520 only)
- *Fundamentals of Private Pensions*, McGill, 9th Edition, Ch. 26, 27, 28
- *Morneau Shepell Handbook of Canadian Pension and Benefit Plans*, 16th edition, Ch. 7

- RPIRM-102-13: Equities in DB Plans – Is the Traditional 60/40 Mix a Dinosaur?
- RPIRM-103-15: Fiduciary Liability Issues for Selection of Investments
- RPIRM-104-15: Maginn and Tuttle, *Managing Investment Portfolios*, 3rd Edition Chapter 12, Sections 1-6 only.
- RPIRM-107-13: Reflections on the Efficient Market Hypotheses: 30 Years Later
- RPIRM-108-13: Introduction and Overview of Retirement Plan Investments
- RPIRM-132-14: CAPSA, Guideline No. 6, Pension Plan Prudent Investment Practices Guideline
- RPIRM-133-14: CAPSA, Guideline No. 7, Pension Plan Funding Policy Guideline
- RPIRM-134-14: Liability-Responsive Asset Allocation, Russell Research
- RPIRM-142-17: Morningstar Target-Date Fund Landscape, 2016, pp. 1-9 and 13-28 only
- RPIRM-143-17: Attracting Pension Plan Assets: what alternative investment managers need to know
- RPIRM-144-17: Patient Capital, Private Opportunity: The Benefits and Challenges of Illiquid Alternatives
- RPIRM-145-17: An Introduction to Infrastructure as an Asset Class

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2.

Learning Objectives

The candidate will recognize and appropriately reflect the role of plan investments in retirement plan design and valuation.

Learning Outcomes

The Candidate will be able to:

- a) Evaluate the interaction of plan investments with plan design, valuation, accounting and funding
- b) Evaluate the interaction and relationship between plan investments and valuation assumptions/methods
- c) Model the effect on setting investment strategy of factors including, cash flow requirements, various plan designs and various economic environments.
- d) Apply and evaluate strategies and techniques for asset/liability management.

Resources

- *Fundamentals of Private Pensions*, McGill, 9th Edition, Ch. 27
- RPIRM-110-13: Plan Sponsor Guide to Liability –Driven Investing
- RPIRM-111-13: Mind the Gap: Using Derivatives Overlays to Hedge Pension Duration
- RPIRM-112-13: Asset/Liability Modeling and Asset Allocation for Pension Plans
- RPIRM-114-13: Top 10 Myths About Liability-Driven Investing
- RPIRM-115-13: *Pensions in the Public Sector*, Ch. 9
- RPIRM-116-13: Financial Economics and Actuarial Practice
- RPIRM-134-14: Liability-Responsive Asset Allocation, Russell Research
- RPIRM-136-15: Longevity Risk Management: New Tools for Defined Benefit Pension Plans
- RPIRM-138-16: FSCO’s IGN 001 – Buy in Annuities for Defined Benefit Plans
- RPIRM-139-16: FSCO’s IGN 002 – Prudent Investment Practices for Derivatives
- RPIRM-140-16: OSFI’s Policy Advisory #2014-002- Longevity Insurance and Longevity Swaps
- RPIRM-146-17: The Pension Risk Transfer Market at \$260 Billion
- RPIRM-147-17: Charting the Course: a framework to evaluate pension de-risking strategies
- RPIRM-148-17: Key Rate Durations: Measures of Interest Rate Risks
- RPIRM-149-17: Practical De-Risking Solutions: Asset Duration and Interest Rate Risk
- RPIRM-150-17: De-risking in a Low Interest Rate Environment
- [Can Pensions Be Valued as Marketed Securities](#), Bader, Pension Section News, June, 2009

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3.

Learning Objectives

The candidate will understand how to evaluate the stakeholders' financial goals and risk management with respect to their plan.

Learning Outcomes

The Candidate will be able to:

- a) Compare the interests of plan sponsors, employees, shareholders, taxpayers and other stakeholders related to the financial management of a retirement plan.
- b) Describe how the retirement plan financial and design risks integrate with the sponsor's risk management strategy.
- c) Analyze how the retirement plan integrates with the sponsor's overall financial position.
- d) Understand and apply the principles of financial economics with respect to pension plan investing.
- e) Provide advice and analysis to stakeholders regarding the economic assumptions used in the valuation of their retirement plans.
- f) Provide advice and analysis to plan sponsors and other stakeholders regarding the mitigation of pension plan risks.

Resources

- RPIRM-115-13: Pensions in the Public Sector, Ch. 9
- RPIRM-120-13: The Case Against Stock in Public Pension Plans
- RPIRM-121-13: The Case for Stock in Pension Funds
- RPIRM-122-13: Guaranteed Trouble: The Economic Effects of the Pension Benefit Guaranty Corporation
- RPIRM-123-13: Risk Management and Public Plan Retirement Systems - (appendix background only)
- RPIRM-124-13: Bader and Gold's Rebuttal to The Case for Stock in Pension Funds
- RPIRM-125-13: The Pension Bomb
- RPIRM-126-13: Funding Regulations and Risk Sharing, pp. 15-24
- RPIRM-127-13: Retirement Benefits, Economics and Accounting: Moral Hazard and Frail Benefit Designs
- RPIRM-128-13: The Impact of the Financial Crisis on Defined Benefit Plans and the Need for Counter-Cyclical Funding Regulations, excluding appendices
- RPIRM-134-14: Liability-Responsive Asset Allocation, Russell Research
- RPIRM-135-17: CAPSA Guideline No. 4, Pension Plan Governance Guidelines and Self-Assessment Questionnaire
- RPIRM-141-16: Evolving Roles for Pension Regulations: Toward better Risk Control, Recreating Sustainable Retirement
- [Corporate Pension Risk Management and Corporate Finance](#) SOA August 2015
- [Adequate Funding for a Pension Plan](#), Sze Pension Forum (pages 31-36 only)
- [Pension Funds: Company Manager's View](#), Exley & Mehta

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- [Can Pensions Be Valued as Marketed Securities](#), Bader, Pension Section News, June, 2009
- [Pension Actuary's Guide to Financial Economics](#) and [Pension Arbitrage Example](#)