

## Academy Voter Guides Offer Expertise on Key Issues

WITH SPRING POLITICAL primaries wrapping up and the campaign season for the 2018 midterm elections set to ramp up this summer, the Academy has prepared a series of [voter guides](#) to focus on major issues and help voters become better informed heading into the fall.

These issue-focused guides offer information on select campaign topics on which actuaries have expertise. The Academy would like to see candidates for higher office provide details on their proposals addressing the challenges highlighted by these guides and offer the positions they support as duly elected public officials.

“Issues of financial security and financial risk touch voters’ lives in deep and very personal ways, ranging from having an adequate retirement income and access to affordable, quality health care, to mitigating the financial consequences of damages to homes and other property caused by severe weather or natural catastrophes,” said Academy President Steve Alpert. “Providing objective and informed views on public policy options for addressing these challenges is an important way in which the U.S. actuarial profession serves the voting public during this campaign season.”

## 2018 MAKING ISSUES COUNT

### The guides offer information in the following areas:

- ▲ **Health insurance coverage**—In light of some recent changes to the 2010 Affordable Care Act (ACA), this guide provides information on what is necessary for a sustainable individual health insurance market, how recent policy changes will affect the health insurance markets, potential federal and state actions to improve the markets, and underlying drivers of health costs and options to control them. The guide outlines and analyzes some recent changes to the ACA, including the elimination of the individual mandate penalty; the termination of cost-sharing reduction payments to insurers; the expansion of the availability of association health plans, short-term plans, and health reimbursement arrangements; and the delay of the so-called “Cadillac tax” until 2022.
- ▲ **Medicare and Medicaid**—Two guides examine the current structure and financing of the Medicare

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## Annual Meeting Session Details Released; Entertainment is ‘Murder Mystery Whodunit’

MORE DETAILS WERE RELEASED this month about breakout sessions and the evening entertainment for the Academy’s [Annual Meeting and Public Policy Forum](#), to be held Nov. 1–2 in Washington, D.C. Extra-early registration, offering the lowest rates, is available through June 8.

In addition to the previously announced keynote address by political analyst Charlie Cook of the *Cook Political Report*, plenary sessions will explore the latest in Big Data and other issues. And the Nov. 1 evening entertainment will be a murder mystery “Whodunit,” set in the 1920s, with optional audience



participation in solving the caper and in bringing your own and dressing up in Prohibition-era attire.

Breakout practice-area sessions will deliver insights and updates on today’s top public policy and professionalism issues, including:

- ▲ **Property/Casualty:** Government-backed P/C insurance programs, climate risk and insurance, and insurance issues in the new sharing and gig economies.
- ▲ **Health:** Long-term care insurance experience, a dialogue with representatives of the Center for Consumer Information and Insurance Oversight, and exciting new research on health care reference pricing.
- ▲ **Life:** Pension-risk transfers, the

SEE **ANNUAL MEETING**, PAGE 7

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‘Professionalism Counts’—An SAO by Any Other Name

## JUNE

18 Webinar: [The Code of Professional Conduct: Learning From the Mistakes of Others](#)

25 Webinar: [Retained P/C Insurance-Related Risk: Interaction of Actuarial Analysis and Accounting](#)

## JULY

27 Pension Forum, Washington, DC.

## AUGUST

29–30 [Seminar on Implementing IFRS 17 for Long-Duration Contracts](#), Washington, DC.

## SEPTEMBER

5–7 [Casualty Loss Reserve Seminar \(CLRS\) & Workshops](#), Anaheim, Calif.

## NOVEMBER

1–2 [Annual Meeting and Public Policy Forum](#), Washington, DC.

4–8 [Life and Health Qualifications Seminar](#), Arlington, Va.

## DECEMBER

6–7 2018 Seminar on Effective P/C Loss Reserve Opinions, Chicago

# Academy NEWS Briefs

## Academy Service Awards Nominations Due June 29

**A** REMINDER TO MEMBERS that the deadline for nominations for the Academy's annual service awards is June 29. The awards—the [Robert J. Myers Public Service Award](#), the [Jarvis Farley Service Award](#), and [Outstanding Volunteerism Awards](#)—will be presented at the Academy's Annual Meeting and Public Policy Forum Nov. 1–2 in Washington. ▲



Outstanding Volunteerism Awards

## Early Registration Rates Available for IFRS 17 Seminar, to be Held in August

**E**ARLY REGISTRATION WITH discounted rates continues through late June for the Academy's [Seminar on Implementing International Financial Reporting Standard \(IFRS\) 17 for Long-Duration Contracts](#), to be held in Washington, D.C., in late August.

This new seminar will be held prior to the implementation of the International Financial

Reporting Standard (IFRS) 17 and is designed to help life and health financial reporting actuaries gain the knowledge and tools needed before IFRS is implemented.

Attendees will have the opportunity to earn up to 12.4 hours of continuing education credit. The seminar will be held Aug. 29–30 in Washington, D.C. Early registration runs through June 29—[register today](#). ▲

## Public Employment Opportunity

**T**HE GOVERNMENT ACCOUNTABILITY Office (GAO) has a public employment opportunity for a senior actuary with a property/casualty and general insurance specialty. The Washington, D.C.-based position is within GAO's office of Applied Research and Methods (ARM), which provides technical and specialist expertise to support and extend the work that GAO supplies to Congress and federal agencies. ARM actuaries serve as consultants to other GAO teams in a variety of areas of interest to Congress. Position information is available via USAJOBS by [clicking here](#)



(general public) or [here](#) (qualified federal employees, veterans, or individuals with disabilities). The application deadline is June 12.

The Academy has long supported government employers that are seeking to hire qualified actuaries. See our [Public Employment Opportunity Posting Policy](#) for more information. ▲

For a list of all previous and upcoming Academy events, please visit the Academy's online [Events Calendar](#).

To continue receiving the *Update* and other Academy publications on time, make sure the Academy has your correct contact information. Academy members can update their member profile at the [member login](#) page on the Academy [website](#).

# Academy NEWS

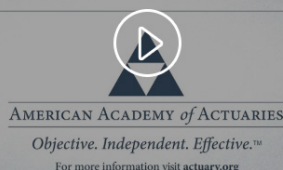
## Academy Video Highlights Actuarial Professionalism

A NEW [Academy video](#) highlights actuarial professionalism, including training, practice, and available resources. It is directed toward those interested in the actuarial profession, and offers big-picture information about what actuaries do and how they conduct their work. The video also emphasizes the Academy's mission to serve the public and the U.S. actuarial profession, and echoes a series of practice-specific videos released last year by the Academy.

"[The American Academy of Actuaries: Home of U.S. Actuarial Professionalism](#)" video is available to watch via the Academy's website and YouTube channels, and is also being shared broadly via the Academy's [Facebook](#) and [Twitter](#) pages to

highlight the importance of professionalism for our members, the high professional standards we uphold, and the impact of our work. You, too, can share this video with your social media networks by [clicking here](#) and then using the share tool to post the video directly to your Facebook page. ▲

The American Academy of Actuaries  
Home of U.S. Actuarial Professionalism



THE  
RETIREMENT  
REPORT



## New Academy Publication Covers Retirement, Pension Issues

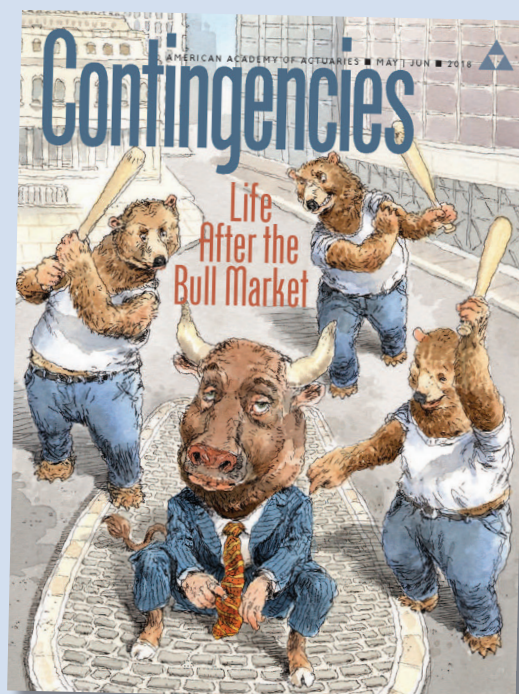
THE ACADEMY'S NEWEST QUARTERLY publication kicked off this month, with the inaugural issue of [The Retirement Report](#). It replaces two Academy publications—*Retirement Account* and *Enrolled Actuaries Report*—streamlining quarterly pension news into one easy-to-access resource for enrolled actuaries and Academy members in the pension and retirement practice areas. In the first issue, coverage includes the Enrolled Actuaries Meeting, the Academy's Capitol Hill briefing and testimony on pension issues, and legislative and regulatory updates. ▲

## Recently Released

IN THE MAY/JUNE ISSUE OF [Contingencies](#), the cover story, "Life After the Bull Market," explores what might happen when the roaring market for U.S. equities comes to an end. Other features include "The Long Run," which looks at how the pension world has begun to respond to the Multiemployer Pension Reform Act of 2014, and "Too Big to Curtail?" which looks at two of today's most popular investment vehicles and what might happen when these trendy asset classes fall out of favor.

The latest [ASB Boxxscore](#) covers the Actuarial Standards Board's (ASB's) recent requests for comments on exposure drafts of revisions of Actuarial Standard of Practice (ASOP) Nos. 4, 27, and 35. Take this opportunity to [provide your comments](#) to the ASB on these important standards. Also included is the ASB's adoption of a final revision of ASOP No. 42, now titled *Health and Disability Actuarial Assets and Liabilities Other Than Liabilities for Incurred Claims*. Read the *Boxscore* to keep current on the development of ASOPs that may affect your practice.

The May [HealthCheck](#) reports on the April teleconference held by members of the Individual and Small Group Markets Committee and the Employee Benefits Committee with the Congressional Budget Office to discuss group health insurance pricing. ▲





In a [Bloomberg](#) story, Senior Pension Fellow Ted Goldman discussed the pressing issue of retirement income given that Baby Boomers are living longer than previous generations. The story was reprinted by [Financial Advisor](#) and [Economic Times](#) (India).

A [Pension Rights Center](#) blog post reported on Goldman's testimony before the Joint Select Committee on Solvency of Multiemployer Pension Plans.

In an [AIS Health Daily](#) story, Senior Health Fellow Cori Uccello discussed the factors that affect rate changes insurers are proposing for 2019.

An article published by [Illinois News Network](#) noted the Academy's analysis that pension plans should have the objective of accumulating assets equal to 100 percent of a relevant pension obligation. The article was reprinted by 10 media outlets.

A [Forbes](#) column discussing the option of changing Social Security's limit on taxable earnings cited the Academy's [Social Security Game](#), which provides an estimate of the effect of such a change on the program's financial condition.

A [HealthExec](#) story on the consequences of eliminating the Affordable Care Act's individual mandate reported on the Health Practice Council's [Nov. 21 letter](#) to U.S. Senate leadership on the topic.

A [Bradenton Times](#) (Fla.) article on retirement planning cited the [Actuaries Longevity Illustrator](#) as a tool for helping to understand how long retirement income might be needed.

An [Andover Townsman](#) (Mass.) column on retirement readiness cited the Lifetime Income Risk Joint Task Force's [public policy discussion](#)

[paper](#), *Risky Business: Living Longer With Income for Life*.

[Bond Buyer](#) reported on Actuarial Standard of Practice (ASOP) No. 51, [Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions](#), adopted by the Actuarial Standards Board late last year. The ASOP will become effective on Nov. 1, 2018.

A [Think Advisor](#) story cited the AG 43/C3 Phase II Work Group's March 2 [comment letter](#) to the NAIC on proposed modifications to Actuarial Guideline XLIII and C-3 Phase II. ▲



## Election, continued from page 1

and Medicaid programs, and the implications of different approaches to the programs' financing and coverage. With Medicare expenditures as a percentage of GDP projected to grow from 3.6 percent of GDP in 2016 to 5.9 percent of GDP in 2091, ongoing increases in total Medicare spending threaten the program's sustainability, as smaller shares of the economy will be available for other priorities. Additionally, Medicaid's spending has been growing faster than the overall U.S. economy, and is expected to increase on average about 6 percent annually from 2016 through 2025, according to the Centers for Medicare & Medicaid Services.

▲ **Long-term care**—With about 70 percent of Americans over age 65 estimated to need long-term care (LTC) services and support at some time in their lives, LTC reform proposals should consider both the level and makeup of coverage, including factors such as demographic, health, and wealth/income characteristics of the covered population; and whether the program will be mandatory, voluntary, or a combination. It also looks at affordability, risk management, and cost control; reform understandability and customer choice; and financial soundness and sustainability.

▲ **Social Security**—These guides include information on Social Security, the most significant public program for retirement security in the United States. Ninety percent of Americans who are 65 and older receive benefits from the program, which provides an average of nearly 40 percent of their income, and in 2016, the program provided benefits to more than 60 million retirees, survivors of deceased workers, disabled workers, and dependents. Social Security currently

receives more in payroll taxes and interest income than it pays out in benefits, but as more Americans retire and continue to live longer, this is projected to change, and while not facing imminent insolvency, the program does face long-term financial viability challenges unless changes are made.

▲ **Climate risk**—This guide notes that many Americans have felt keenly the effects of extreme climatic events: increased droughts in the western United States, higher rainfall and snowfall in the eastern part of the country, and greater damage from tornadoes, hurricanes, floods, and wildfires. While climate scientists continue to refine their models, most data shows record-breaking warm temperatures in many parts of the world over the past several years. This guide is offered to voters to help explain the growing costs and consequences of weather-related damages and thereby help them to better understand the related positions of candidates during the 2018 election campaigns.

▲ **Lifetime income and retirement risk**—Some retirees have taken lump-sum distributions from their 401(k) defined contribution accounts, individual retirement accounts (IRAs), and other retirement funds amassed over decades of work, but may not have had access to adequate information about how to use those funds to create an income stream to pay their everyday living expenses in retirement. While adding money to a 401(k) or IRA account during the working years might become routine for some, workers and retirees often face hurdles to obtain unbiased, easy-to-understand information about how to finance their retirement and where to find the right solutions to manage their lifetime incomes. ▲



## Webinar to Look at the Code of Professional Conduct

**THE ACADEMY WILL HOST** a June 18 professionalism webinar, “[The Code of Professional Conduct: Learning From the Mistakes of Others](#),” where expert panelists will guide attendees through scenarios inspired by mistakes that have landed actuaries on the wrong side of the Code of Professional Conduct. Presenters will discuss the ethical issues these scenarios raise and subjects includ-

ing professional integrity, competence and control of work product, standards of practice and communication, and counseling and discipline.

The webinar will be held on Monday, June 18, from noon to 1:30 p.m. EDT. Presenters will be Academy President-Elect Shawna Ackerman; Past President Cecil Bykerk; and Joeff Williams, vice president for professionalism, who was nominated in

May to be the Academy’s next president-elect. The Academy believes in good faith that continuing education credit under the U.S. Qualification Standards and continuing professionalism education core ethics credits under the Joint Board for the Enrollment of Actuaries (JBEA) regulations will be available, JBEA credit is always subject to JBEA determination. [Register today.](#) ▲

## Professionalism Outreach

**ACADEMY PRESIDENT STEVE ALPERT** presented a session titled “Why Professionalism?” to about 100 attendees at the Actuaries Club of Philadelphia’s meeting on May 15. Club Secretary Art Luckner said the club was honored to host Alpert as a guest speaker, adding that he received “unsolicited comments that Steve’s presentation was outstanding and touched on much-needed aspects of professionalism.”

Actuarial Board for Counseling and Discipline member David Driscoll delivered a professionalism presentation at the May 22 meeting of the Actuaries’ Club of Hartford & Springfield, in Hartford, Conn.

The presentation explored the professionalism infrastructure housed within the Academy, the most recent counseling and discipline case and inquiry statistics, and ethical decision-making that actuaries can face in their professional work. ▲

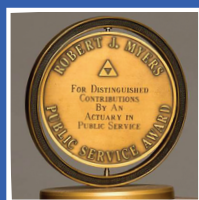
### LIFE BRIEFS

- ➔ **Jeff Schlinsog** has joined the Life Practice Council and is chairperson of the Life Financial Reporting Committee, and **Leonard Reback** has joined the committee.
- ➔ **Beth Keith** has joined the Life Products Committee.
- ➔ **Matt Coleman** has joined the Life Practice Council, the Life Valuation Committee, and is chairperson of the Annuity Reserves Work Group.
- ➔ **Mary Bahna-Nolan** has joined the Government Mandates Work Group.
- ➔ **Tim Cardinal, Gary Osterhout, Andy Smith, and Ben Taylor** have joined the PBA Projections Practice Note Work Group.

## NOMINATE

your fellow actuaries for one of the Academy’s distinguished service and volunteer awards.

Robert J. Myers  
Public Service Award



Jarvis Farley  
Service Award

## CELEBRATE

their achievements at the Academy’s Annual Meeting and Public Policy Forum this November.

**Nomination deadline is June 29.**  
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**2018**

**ANNUAL MEETING AND PUBLIC POLICY FORUM**

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## An SAO by Any Other Name

BY ANDREA SWEENY

Chairperson, Committee on Qualifications

**I AM CERTAIN THAT WILLIAM SHAKESPEARE** was not thinking about the U.S. Qualification Standards (USQS) or statements of actuarial opinion (SAOs) when he penned Juliet's famous line "What's in a name? That which we call a rose / By any other word would smell as sweet."<sup>1</sup> Neither was Gertrude Stein, when she declared in 1913 that a "Rose is a rose is a rose is a rose."<sup>2</sup> But the principle underlying these famously floral examples of the logical law of identity is one that actuaries can learn from: Whether an opinion expressed by an actuary is an SAO depends on the substance of the opinion, not on what the actuary calls it.

Precept 2 of the Code of Professional Conduct (Code) states that an actuary "shall perform Actuarial Services . . . only when the Actuary satisfies applicable qualification standards." According to the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, "Actuaries who issue Statements of Actuarial Opinion when rendering Actuarial Services in the United States are required by the Code... to satisfy these Qualification Standards."<sup>3</sup> For this reason, any actuary who is subject to the Code should understand what an SAO is.

The USQS provides a two-prong definition of an SAO. It is (i) "an opinion expressed by an actuary in the course of performing Actuarial Services"; and is (ii) "intended by that actuary to be relied upon by the person or organization to which the opinion is addressed."<sup>4</sup> The USQS, and the answers to [Frequently Asked Questions](#) (FAQs) provided by the Academy's Committee on Qualifications (COQ), contain important information on how to identify the elements of the SAO.

How have these two prongs been interpreted?

First, an SAO "must be based on actuarial considerations,"<sup>5</sup> and not merely involve numbers or calculations. FAQ 17, for example, explains that if an actuary states "the health care trend you have experienced is 10 percent," based on compiled data alone without any actuarial considerations, the statement is not an SAO. By contrast, if an actuary states that "the *expected* health care trend for your commercial business for next year is 10 percent," the statement would likely be an SAO because it involves actuarial considerations.

Second, the actuary must intend for the opinion to be relied upon by the person or organization to which the opinion is addressed. If the actuary does not intend for the actuary's principal to rely upon the opinion, the actuary must clearly state this. However, even labeling an opinion "not to be relied upon" or a "draft" does not prevent reliance. Appendix 1 states, "if there is a reasonable likelihood that the Principal will rely on the draft regardless of intent, that is an indication that the draft is an SAO."<sup>6</sup> If an actuary holds a position that is "non-actuarial in nature" or has "non-actuarial aspects," the USQS are not intended to apply to oral or written statements issued "by virtue of the positions they hold and not because they are actuaries."<sup>7</sup>

As the parsing of the elements of an SAO illustrates, the definition of an SAO in the USQS is very broad. SAOs can be written or oral. They can include internal or external company communications. They can be provided for compensation or gratis. They do not depend upon the status of the actuary as "working" or "retired." Appendix 1 of the USQS describes SAOs and lists some examples of commonly issued opinions and work products and whether they are likely to be considered SAOs. Appendix 1 also describes generally what types of actuarial work involving government or other public sector actuaries may be considered SAOs.

As former Academy President Tom Wildsmith summarized: "Some might misunderstand this term [SAO] to be limited to a formal statement filed with a regulator—nothing could be further from the truth. A simple rule of thumb is that if I perform work that someone else relies on *because I am an actuary*, then the USQS likely apply."<sup>8</sup>

Given the breadth of the definition and the fact that issuing even a single SAO requires compliance with the USQS, actuaries should ensure that they meet the USQS requirements. As the COQ stated in FAQ 15 regarding the interpretation of "gray areas," "the Committee recommends that practicing actuaries endeavor to meet the USQS rather than expending time and energy trying to find interpretations that support exemption from the USQS." An SAO is an SAO is an SAO is an SAO. ▲



### Footnotes

<sup>1</sup> *Romeo and Juliet*, Act II, Scene 2.

<sup>2</sup> From the poem "Sacred Emily."

<sup>3</sup> USQS, Section 1.

<sup>4</sup> USQS, Section 1.

<sup>5</sup> Appendix 1, 1(d).

<sup>6</sup> Appendix 1, 1(b).

<sup>7</sup> USQS, Section 1.

<sup>8</sup> *Contingencies*, [September/October 2016](#), p. 24.

impact of tax reform on reserves, and the experiences of companies that filed principle-based reserve Actuarial Reports for 2017;

▲ **Pension:** The latest on multiemployer pension reform, what it means for a benefit to be guaranteed, and lifetime income issues.

Also, an interactive professionalism plenary session, set in a contest format, will challenge your professionalism acumen.

Join us at the Annual Meeting and Public Policy Forum, which will offer multiple opportunities to network with your peers from across the country. [Register by June 8](#) to lock in your hotel room and the extra-early registration rate. ▲



Whodunit? Watch our new video about this year's dinner entertainment—a murder mystery that's dying to be solved.

## CASUALTY NEWS



# Academy Responds to NAIC Exposure Draft on CASTF Attestation Charge

THE ACADEMY [submitted a letter](#) May 10 to the NAIC responding to an exposure draft that the NAIC's Casualty Actuarial and Statistical Task Force (CASTF) has issued containing potential changes to the P/C Statement of Actuarial Opinion Instructions to address the CASTF's "Attestation" charge and their working definition of "qualified actuary." Mary D. Miller, past academy president and former chief actuary of Ohio, submitted the comments on the Academy's behalf. ▲

## June Webinar to Look at Retained P/C Insurance-Related Risk

THE ACADEMY WILL HOST A property/casualty webinar in June, "[Retained P/C Insurance-Related Risk: Interaction of Actuarial Analysis and Accounting](#)." Presenters will discuss the Academy's new public policy practice note, *Retained Property Casualty Insurance-Related Risk: Interaction of Actuarial Analysis and Accounting*, which examines the interaction between the non-insurance business entity, the accountants, and the actuaries. The presenters will be Past Academy President Mary Frances Miller, a member of the Committee on Property and Liability Financial Reporting; and Lisa Slotznick, vice chairperson of the Casualty Practice Council. The webinar will be held on Monday, June 25, from noon to 1:30 p.m. [Register today](#). ▲

Extra-Early registration ends on June 8.

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2018 AMERICAN ACADEMY of ACTUARIES  
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### CASUALTY BRIEFS

➔ **John Gleba** is chairperson of the Opinion Seminar Subcommittee.





## FAQ Paper Looks at Life Insurance Tax Reserve Methods and Assumptions

**THE TAX WORK GROUP** published a paper on frequently asked questions (FAQs) about life insurance tax reserve methods and assumptions.

The purpose of the FAQ paper is to discuss the concepts of “life insurance tax reserve method” and “life insurance tax reserve assumptions” as used in determining life insurance company taxable income in 2017 including prior tax years following Internal Revenue Code (IRC) §§ 807(d) and (f) as those sections existed at the end of 2017.

It also provides Academy Tax Work Group comments on those tax reserve assumptions that affect contract tax compliance and thus policyholder taxation under the definition of life insurance rules (IRC § 7702) and the modified endowment contract rules (IRC § 7702A).

The 15 FAQs include:

- ▲ What is an insurance reserve?
- ▲ What is a reserve method?
- ▲ What is a tax reserve method?
- ▲ What are currently prescribed tax reserve methods? ▲

## AG 43 Work Group Submits Follow-Up Letter to NAIC

**THE AG 43/C3 PHASE II WORK GROUP** submitted a follow-up [comment letter](#) to the NAIC Variable Annuity Issues Working Group on previously submitted recommendations to the working group.

The letter draws on the Academy work group’s discussion of its comments on the recommendation at the NAIC Spring 2018 National Meeting in Milwaukee in March, and noted that the specific approaches for incorporating hedging mentioned

in the proposed redline version of AG 43 are not necessarily allowed by the other requirements of AG 43, specifically Appendix 7.

The language in the proposal suggests that any implicit method of reflecting hedging is appropriate, the letter states, and it agreed to provide the VAIWG with suggested language to address the comments and recommendations, which are attached to the comment letter. ▲

## Work Group Welcomes Input on PBA Projections for Future Practice Note

**THE PBA PROJECTIONS** Practice Note Work Group is seeking input from practitioners on questions encountered when projecting future VM-20 reserve calculations. Issues may be related to inner/outer loops, simplification techniques, asset assumptions, VM-21/AG 43, and economic capital frameworks.

If you have questions relating to projecting future PBA (principle-based approach) calculations, the work group would like to hear from you. Please contact Academy life policy analyst Ian Trepanier ([trepanier@actuary.org](mailto:trepanier@actuary.org)) to submit questions and comments, which will help in the development of a future practice note on PBA projections. ▲

## Health News

### Past President Wildsmith Speaks to NHCSL

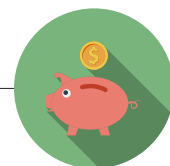
**ACADEMY PENULTIMATE** President Tom Wildsmith participated in a panel discussion May 25 before about 40 state legislators who were attending a meeting of the National Hispanic Caucus of State Legislators’ (NHCSL) Executive Committee and Healthcare Task Force in Washington, D.C. Wildsmith talked about outcomes-based contracting arrangements in health care from an actuarial perspective.

The NHCSL invited the Academy to provide a speaker after its lead policy staff attended the Academy’s March 9 Capitol Hill [briefing on prescription drug spending](#). The NHCSL is considering a draft resolution called “Removing Barriers to Value-Based Arrangements in Healthcare.” Pertinent to the topic, the NHCSL wanted an Academy representative to discuss how these arrangements work and what the challenges might be in addressing them within public policy, noting it considers the Academy’s view to be objective. ▲



Wildsmith (center) at the May 25 NHCSL event





## Pension Issue Briefs Released on Multiemployer Plans, Social Security

**A**CADEMY PENSION COMMITTEES RELEASED TWO issue briefs, one on multiemployer pension plans and one on Social Security. [Loan Programs for Underfunded Multiemployer Plans](#), published by the Multiemployer Plans Committee, notes that certain loan programs for troubled multiemployer plans could have the potential to help preserve participant benefits and improve the financial condition of the plans. The brief points out that loans would incur a cost to the government if they charge plans an artificially low interest rate, and there will be additional costs if plans are ultimately unable to repay the loans.

[Social Security—Automatic Adjustments](#), released by the Social Security Committee, notes that since the 1980s the *Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Fund* has consistently indicated a need for corrective legislation to avoid a shortfall in the amount needed to pay all promised benefits in the future. While Congress has been reluctant to pass any corrective legislation because it would require potentially unpopular payroll tax increases or benefit decreases, even if action is taken, actual experience will diverge from the demographic and financial assumptions and a shortfall could again develop. ▲

## Academy Presents on Retirement Readiness

**A**CADEMY SENIOR PENSION FELLOW Ted Goldman gave presentations to two actuarial clubs this month on the topic of retirement readiness.

His May 10 interactive [presentation](#) at the spring meeting of the Middle Atlantic Actuarial Club in Columbia, Md., focused on the [report](#), *Retirement Readiness: A Comparative Analysis of Australia, the*

*United Kingdom, and the United States*, published last October by the Academy, the Institute and Faculty of Actuaries (U.K.), and the Actuaries Institute of Australia. After its release, the report was the topic of a well-attended [Academy webinar](#) on retirement issues in the three countries. Goldman discussed how the changing social, demographic, and economic landscape has transformed retirement

expectations; the strategies and level of success of accumulating wealth to prepare for retirement; and the ability of individuals to consider and plan for the unexpected events that may occur during retirement. In a well-received May 22 [presentation](#) at the Actuaries' Club of Hartford and Springfield in Hartford, Conn., Goldman shared the main findings of the same survey. ▲

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## Actuarial Update

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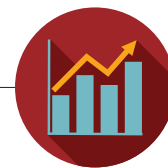
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## RISK MANAGEMENT & FINANCIAL REPORTING NEWS



# Two Academy Groups Comment to ASB, Congress

**T**HE FINANCIAL REPORTING Committee [submitted comments](#) to the Actuarial Standards Board for consideration on the International Actuarial Association's *International Standard of Actuarial Practice 4—IFRS 17 Insurance Contracts* exposure draft.

The committee's general comments included the role of the actuary; relevancy; cat bonds; business combinations; transition guidance; and actuary's report. It also offered a series of paragraph-specific comments.

Separately, the Financial Regulatory Task Force [submitted comments](#) to the U.S. House

of Representatives on S. 2155, the *Economic Growth, Regulatory Relief, and Consumer Protection Act*, a bipartisan financial regulation bill. The House on May 22 [passed the bill](#)—which was signed into law by the president on May 24—which would provide certain “regulatory relief” from parts of the 2010 *Dodd-Frank Wall Street Reform and Consumer Protection Act*. ▲

### RISK MANAGEMENT BRIEFS

➔ **Kathy Wong** has joined the Solvency Committee

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