



AMERICAN ACADEMY *of* ACTUARIES

April 22, 2013

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Re: Military Compensation and Retirement Modernization Commission

Dear Mr. President:

On behalf of the American Academy of Actuaries,¹ I am writing to encourage you to appoint at least one qualified actuary to the newly-established Military Compensation and Retirement Modernization Commission.² A qualified actuary would ensure that the commission has among its members an individual who can provide actuarial expertise on policy proposals – particularly those related to retirement programs. Such an appointment will help this new commission succeed in its mission:

To ensure the long-term viability of the All-Volunteer Force by sustaining the required human resources of that force during all levels of conflict and economic conditions; enable the quality of life for members of the Armed Forces and the other uniformed services and their families in a manner that fosters successful recruitment, retention, and careers for members of the Armed Forces and the other uniformed series; and modernize and achieve fiscal sustainability for the compensation and retirement systems for the Armed Forces and the other uniformed services for the 21st century.

Only with a qualified actuary³ as a member of the commission will the actuarial perspective and the need for actuarial soundness in any policy proposal be given full consideration.

Actuaries possess a unique skill set and play a crucial role in the financing and design of retirement systems—including private single-employer plans, private multiemployer plans and public programs that provide long-term financial security to retirees. Consideration of any retirement system would need to take into account plan design, funding considerations, actuarial

¹ The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualifications, practice, and professionalism standards for actuaries in the United States.

² Established by P.L. 112-239 (H.R. 4310), January 2, 2013.

³ An actuary who is a member of the American Academy of Actuaries and qualified to provide such certifications as described in the U.S. Qualifications Standards promulgated by the American Academy of Actuaries pursuant to the Code of Professional Conduct.

assumptions and the value these benefits deliver to employees and former employees. Actuaries have specialized expertise in managing the risks associated with these plans, the ability to recognize and incorporate uncertainty into cost and funding projections, and experience in evaluating the long-term solvency and sustainability of public and private retirement programs. In addition, the actuarial profession, like many highly-skilled and specialized professions, places a heavy emphasis on peer review processes. For all of these reasons, actuarial representation on the commission is critical and would provide greater opportunity to explore new and innovative program designs.

If desired, we would be happy to identify qualified actuaries whom we believe have the qualifications, academic background, and ability to approach the work of the commission from an objective viewpoint, and who would make a valuable addition to the commission. If you have any questions, please feel free to contact Craig Hanna, the Academy's director of public policy (hanna@actuary.org; 202.223.8196).

Sincerely,

Cecil D. Bykerk
President
American Academy of Actuaries