



AMERICAN ACADEMY  
of ACTUARIES

February 3, 2006

Editor  
The Economist  
25 St. James's Street  
London SW1A 1HG

Sir -

Your Jan. 26 article, "When the Spinning Stops," about the problems with defined benefit pension plans, raised some very important issues. Unfortunately, it also contained numerous inaccuracies and, more to the point, muddled the important differences in the histories, laws, practices, and the role of the actuary in the United States versus the U.K. In other words, what was "spinning" in the article was confusion.

Prominently missing was any mention that the U.S. actuarial profession has been working with the government for years to develop new pension rules to strengthen the system to the benefit of employees, employers, and the taxpayer. For example, we support (a) changing the rules to require employers to fund their pension plans to at least 100% of their market liabilities more quickly, (b) removing incentives for equities in the rules, (c) modifying rules that penalize companies for contributing extra funds to their pension funds in good times, and (d) making company balance and income statements more transparent.

We deserve to expect more than incomplete and confusing reporting and broadside criticisms from *The Economist*.

Sincerely,

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