



AMERICAN ACADEMY *of* ACTUARIES

Pension Practice Council Cycle Report

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PENSION PRACTICE COUNCIL HIGHLIGHTS

(Activity since last Board/Executive Committee meeting)

The Social Insurance Committee met at Academy offices on January 25. The Committee continues to review and update several current issue briefs and is currently making updates to the Academy's online Social Security Game. This year the Committee plans to draft a new issue brief on the topic of the Social Security trust fund.

The Pension Practice Council and Pension Committee are currently addressing several topics with the objective of issuing comments, public statements or presentations to policymakers. The Pension Practice Council last met on November 8 in Dallas, Texas. Ethan Kra is the new Vice President of the Council and Jeremy Gold is the new Vice-Chair. The Council continues to collaborate with the Society of Actuaries on the Retirement 20/20 initiative.

A joint Pension Practice Council/Life Practice Council work group has recently been formed to discuss ways to encourage annuitization of retirement benefits in defined contribution and defined benefit plans. Funding relief, pension risk, the normal retirement age, and proposed regulations from the Joint Board for the Enrollment of Actuaries are all topics the PPC and its Committees are actively discussing.

In December, the Pension Committee published a revised edition of the [Practice Note on Preparing a Certification of the Adjusted Funding Target Attainment Percentage \(AFTAP\) for a Pension Plan](#). The revised edition now reflects final regulations from the Internal Revenue Service with respect to Sections 430 and 436 of the Internal Revenue Code.

The Pension Committee last met on November 9 in Dallas, Texas. John Moore is the new Chair of the Pension Committee and Eli Greenblum is the new Vice-Chair. The Pension Committee is also working on an initiative to identify for policymakers relatively non-controversial changes to regulations that would encourage or at least remove impediments to the establishment and maintenance of qualified defined benefit plans.

In October, the Committee published two newly updated practice notes. The first is a [practice note](#) on current and emerging practices in the selection and documentation of the mortality assumptions for measuring obligations of defined benefit pension plans (and other post-retirement benefit plans). The second [practice note](#) published addressed the selection and documentation of certain other actuarial assumptions for measuring obligations of defined benefit pension plans.

The Joint Academy/Society of Actuaries Pension Finance Task Force also met on November 8 in Dallas. The Task Force has recently undertaken a review of the DMP Exam Syllabus and is working on developing a series of webcast topics for 2010.

OPERATIONAL PLAN HIGHLIGHTS

Initiative 2.1.1—Better Focus Practice Councils in Public Policy

The PPC continues to address the future of retirement policy and ways to better engage in the public policy debate. The PPC has discussed the financial crisis and funding relief at multiple levels, with separate dialogues underway in the PPC, the Pension Committee and the Multiemployer Subcommittee.

Initiative 2.2.2—Identify key bodies with which the Academy should establish meaningful relationships and establish priorities

The PPC and its committees have had meaningful discussions about strengthening key relationships with other interest groups and developing a clear message to convey to these stakeholders. Academy staff has had several meetings with House and Senate staff on key Congressional committees with jurisdiction over pension, retirement, and social security issues. Academy staff is attending Congressional hearings on a regular basis and has met with a variety of other stakeholders, such as ERIC, ABC, AARP, and CRS. The PPC continues to provide staff with direction and resources for building these key relationships.

SENIOR PENSION FELLOW HIGHLIGHTS

Frank Todisco continues to participate in media interviews on a wide variety of significant issues, such as the effect of the economic crisis on defined contribution (DC) and defined benefit plans (DB), Social Security cost-of-living increases and benefit claiming strategies, issues of financial literacy and behavioral finance as they affect individuals' retirement security, and the spectrum of economic and demographic risks faced by both individuals and retirement plan sponsors.

Together with Academy Pension Policy Analyst Jessica Thomas, Todisco continues to communicate with Congressional staff, federal regulators, and think tanks and trade associations to discuss policy implications of potential changes to all types of retirement programs, including Social Security. He works closely with many of the Academy's committees, subcommittees, and task forces, and actively contributes to ongoing Academy efforts, such as in the development of research capabilities, practice notes, issue briefs, and comment letters in areas such as Social Security, tax reform, postretirement risk, assumption selection, and retirement plan financing, accounting, and design.

Recent projects completed or in progress have included analysis of issues regarding whether and how to provide defined benefit plan funding relief, commentary to clarify the absence this year of a Social Security cost of living increase, and the development of new practice notes.

Aside from his Academy work, Todisco also continues his service as Interim Chair of the Actuarial Standards Board Pension Committee, which is addressing issues including the assessment and disclosure of risk, the value of pension obligations, the selection of economic assumptions, and assumptions regarding future longevity increases.

PUBLICATIONS

Future Publication/Activity	Committee/Work Group	Audience	Publication Date
Issue Brief: Raising the Retirement Age for Social Security	Social Insurance Committee	General Public and Policymakers	2010
Issue Brief: Automatic Adjustments to Maintain Social Security's Long-Range Balance	Social Insurance Committee	General Public and Policymakers	2010
Issue Brief: Social Security Reform: Possible Changes in Benefit Formulas and Taxation	Social Insurance Committee	General Public and Policymakers	2010