

## Changes to December 2004 LCAS Report

1. Change city and date
2. Modification to Definition of Prudent Best Estimate
  - a. Include reference to Methodology C3-04
3. Additional material dealing with Revenue Sharing -- “Modeling Methodology” Item #6
4. New Tax Adjustment language -- “Modeling Methodology” Item #10
  - a. Should be consistent with language in LR023 General Instruction
5. Revision to Appendix 2 – Scenario Requirements
  - a. Change “disclosure” to “Memorandum” “General Guidelines”
  - b. New Calibration Table
    - i. 20 Year Time Horizon points included
    - ii. Cell values changed
  - c. New paragraph added to paragraph captioned “Calibration Criteria for Equity Returns” dealing with new 20 year time horizon values
  - d. New paragraphs added in paragraph captioned “Using the Calibration Points”
    - i. Calibrating and initializing state or path dependent models
  - e. New material in the paragraph captioned “Development of the Calibration Points”
    - i. Rationale for constraint used in parameterizing the SLV-7 model
  - f. New material explaining the SLV model and other models considered by the LCAS
  - g. New material in paragraph captioned “Number of Scenarios and Efficiency in Estimation” dealing with Quasi Random Monte Carlo methods
6. Update of Appendix 5 – Significant Changes to December 2002 Report
7. Modification to Appendix 8 – Alternative Method
  - a. Editorial change to example concerning “Volatility of Current Fund Holdings”
8. Modification to Methodology Note C3-03
  - a. In relation to the mortality assumption, reference is made to Methodology Note C3-04
9. New Methodology Note C3-04
  - a. Expected mortality curves, credibility procedures
  - b. Future mortality improvement
  - c. Documentation Requirements
10. Methodology Note C3-05 (Prudent Best Estimate Mortality Assumption – Alternative Methodology Factors) Renumbered – Same content as in December 2004 Report