

GASB Unveils Preliminary Views on Financial Projections

State and local governments should present five-year projections of cash inflows, cash outflows, and financial obligations to accompany their financial statements as required supplementary information. This proposed requirement, according to a Dec. 6 news release by the Governmental Accounting Standards Board (GASB), would better enable taxpayers, bondholders, and other interested parties to assess a government's financial health. The proposal, which is outlined in *Preliminary Views, Economic Condition Reporting: Financial Projections*, is based on GASB's own research and input from financial statement users, preparers, and auditors. GASB research found that while much material that is valuable to users currently can be found in an annual financial report, there is still much crucial information that users cannot obtain. In particular, little information is provided on the sustainability of government finances. Users need forward-looking information to assess fiscal sustainability, GASB wrote. It also identified the following information as necessary to assist users in assessing a

government's economic condition:

- Projections of cash inflows and cash outflows, with explanations of the known causes of fluctuations;
- Projections of the financial obligations, including bonds, pensions, other post-employment benefits, and long-term contracts, with explanations of the known causes of fluctuations;
- Projections of annual debt service payments, including principal and interest; and
- Narrative discussion of the government's dependency on other governments to provide its services.

GASB proposed that financial projections should be based on current policy, informed by historical information, and adjusted for known events and conditions that will affect the government's finances during the projection periods. Comments on the preliminary views should be submitted to GASB by March 16, 2012. GASB also will host public hearings in Los Angeles on March 29 and in New York on April 17 to obtain feedback on the preliminary views.

JOE SILVESTRI

Research Projects Private Pension Funding Costs

AS THE U.S. ECONOMY CONTINUES to climb out of the most recent recession, businesses that sponsor single-employer defined benefit pension plans are facing the challenge of rising contribution requirements for their pension plans. The increases have been driven by the downturn in the equity market and falling interest rates, the Society of Actuaries (SOA) explained in its recently released report *The Rising Tide of Pension Contributions Post-2008: How Much and When?*

The report used data from the regulatory filings of the private-sector defined benefit pension system and the Pension Insurance Modeling System (PIMS) that were developed for the Pension Benefit Guaranty Corp. (PBGC) to analyze the private, single-employer defined benefit system. The SOA simulated the demographic and economic experience of 421 single-employer defined benefit

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EA Meeting Offers Something for Everyone

MAKE PLANS NOW to attend the 2012 Enrolled Actuaries Meeting March 25–28 at the Marriott Wardman Park Hotel in Washington. Hosted by the Academy and the Conference of Consulting Actuaries, the EA Meeting is the year's best opportunity to network with other actuaries, exchange ideas and questions with speakers, and interact with representatives from the IRS, the Department of Labor (DOL), and the Pension Benefit Guaranty Corp. (PBGC)—all while earning up to 18 hours of continuing education credit.

This year's meeting features more than 60 sessions on various aspects of pension plan funding and administration, new rulings and regulations, and professionalism issues. Expert panelists will cover timely topics such as:

→ **Tales from beyond normal retirement:** People are working longer, and a mobile workforce leaves many plan administrators processing late retirement distributions and searching for participants gone missing at their normal retirement date. A panel of experts will discuss the intricacies of suspension of benefits, post-normal retirement date accrual rules, retroactive annuity starting dates, benefit restrictions, and 401(a)(9) minimum required distributions.

→ **New ASOPs for setting actuarial assumptions:** The Actuarial Standards Board (ASB) is likely to make changes to Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, and ASOP No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations* before the EA Meeting. Whatever changes are made will be covered in this session about how setting actuarial assumptions for valuing pension obligations has changed and what it means for actuarial practice.

→ **Mad Men—dealing with ERISA:** Pension actuaries are faced with many rules that may not make sense but nonetheless are in the law and regulations. The Pension Protection Act (PPA) and other related regulations and funding relief acts have introduced more complications and added new twists and turns that you may not see coming. The panelists will review the potential traps and discuss how to deal with them.

→ **Merger/spinoff funding and 436 restrictions:** There is little relevant post-PPA guidance on mergers and spinoffs—yet plan sponsors and practitioners must decide whether benefit restrictions apply after these events and how to determine minimum required contributions and quarterly contributions. Panelists will discuss the approaches practitioners and plan sponsors are taking and explore how reasonable or risky these approaches are.

→ **415 for public plans in the current economy:** In an effort to deal with the financial crisis, governmental plans have offered numerous early retirement options, which has led to a growing concern about

EA MEETING, PAGE 8 →



Early Bird Registration

Academy and CCA members can save \$600 off the walk-in registration fee if they register by Dec. 31.

Updated Social Security and IRS Amounts for 2012

Covered Compensation, 2012

2012 WAGE BASE \$110,100

(Advanced calculation—pending IRS release of amounts)

YEAR OF BIRTH	AGE IN 2012	SSRA	YEAR OF SSRA	COVERED COMPENSATION ROUNDED TO			
				\$1*	\$12	\$600**	\$3,000
1945	67	66	2011	61,891	61,884	61,800	63,000
1946	66	66	2012	64,566	64,560	64,800	66,000
1947	65	66	2013	67,206	67,200	67,200	66,000
1948	64	66	2014	69,697	69,696	69,600	69,000
1949	63	66	2015	72,103	72,096	72,000	72,000
1950	62	66	2016	74,400	74,400	74,400	75,000
1951	61	66	2017	76,620	76,620	76,800	78,000
1952	60	66	2018	78,746	78,744	78,600	78,000
1953	59	66	2019	80,811	80,808	81,000	81,000
1954	58	66	2020	82,826	82,824	82,800	84,000
1955	57	67	2022	86,666	86,664	86,400	87,000
1956	56	67	2023	88,526	88,524	88,800	90,000
1957	55	67	2024	90,300	90,300	90,600	90,000
1958	54	67	2025	91,980	91,980	91,800	93,000
1959	53	67	2026	93,600	93,600	93,600	93,000
1960	52	67	2027	95,160	95,160	95,400	96,000
1961	51	67	2028	96,660	96,660	96,600	96,000
1962	50	67	2029	98,074	98,064	97,800	99,000
1963	49	67	2030	99,471	99,468	99,600	99,000
1964	48	67	2031	100,826	100,824	100,800	102,000
1965	47	67	2032	102,103	102,096	102,000	102,000
1966	46	67	2033	103,294	103,284	103,200	102,000
1967	45	67	2034	104,366	104,364	104,400	105,000
1968	44	67	2035	105,334	105,324	105,600	105,000
1969	43	67	2036	106,183	106,176	106,200	105,000
1970	42	67	2037	106,903	106,896	106,800	108,000
1971	41	67	2038	107,563	107,556	107,400	108,000
1972	40	67	2039	108,197	108,192	108,000	108,000
1973	39	67	2040	108,771	108,768	108,600	108,000
1974	38	67	2041	109,226	109,224	109,200	110,100
1975	37	67	2042	109,586	109,584	109,800	110,100
1976	36	67	2043	109,817	109,812	109,800	110,100
1977	35	67	2044	109,911	109,908	109,800	110,100
1978	34	67	2045	110,006	110,004	110,100	110,100
1979	33	67	2046	110,100	110,100	110,100	110,100

These four tables list updated figures for IRS pension limits, Social Security amounts, covered compensation, and PBGC premiums for 2012.

Andrew Eisner of Buck Consultants Research Department compiled the tables.

PBGC Premiums

2012

2011

Single-Employer Plans:

Flat-rate premium (per participant) \$35 \$35

Variable-rate premium \$9 per \$1,000 of unfunded vested benefits \$9 per \$1,000 of unfunded vested benefits

Multiemployer Plans:

Flat-rate premium (per participant) \$9 \$9

* Represents exact average of wage bases, as permitted by law and regulations.

** After 1993, IRS does not authorize the use of covered compensation tables rounded to \$600 multiples under 401(i). Thus, integrated plans using this table are not safe-harbor plans.

Social Security—2012 Factors

The Social Security Administration announced updated factors for 2012.

- Wage Base** The maximum amount of earnings taxable in 2012 is \$110,100 for Social Security purposes.
- COLA** The cost-of-living increase in benefits is 3.6 percent, first applicable to December 2011 benefits, payable in January 2012.
- Wage Index** The average annual wage figure of \$41,673.83 will be used in computing benefits for workers who become eligible in 2012. This figure is based on data for the last complete year (2010) and was used to determine other wage-indexed numbers given in the table below.

FACTOR	2012	2011
Wage base:		
for Social Security	\$ 110,100	\$ 106,800
for Medicare	No Limit	No Limit
old-law wage base, for indexing PBGC maximum, etc.	\$ 81,900	\$ 79,200
Cost-of-living increase (applies to December benefits, payable in January)	3.6%	0.0%
Average annual wage (based on data two years earlier)	\$41,673.83	\$40,711.61
PIA formula, first bend point	\$ 767	\$ 749
PIA formula, second bend point	\$ 4,624	\$ 4,517
Maximum family benefit, first bend point	\$ 980	\$ 957
Maximum family benefit, second bend point	\$ 1,415	\$ 1,382
Maximum family benefit, third bend point	\$ 1,845	\$ 1,803
Retirement test exempt amount (annual)		
below SSNRA	\$ 14,640	\$ 14,160
year of SSNRA	\$ 38,880	\$ 37,680
Wages needed for one quarter of coverage	\$ 1,130	\$ 1,120
FICA (employee) tax rate:		
Social Security (OASDI)	6.20%	4.20%
Medicare (HI)	1.45%	1.45%
Total	7.65%	5.65%
SECA (self-employed) tax rate, total	15.30%	13.30%

IRS Qualified Plan Limits for 2012

Principal Limits

IRC	LIMIT	2012 ROUNDED	2011 ROUNDED	2012 UNROUNDED	NEXT INCREMENT	% INCREASE NEEDED
415(b)(1)	Defined benefit plan limit	\$200,000	\$195,000	\$203,824	\$205,000	0.6%
415(c)(1)	Defined contribution plan limit	50,000	49,000	50,956	51,000	0.1%
401(a)(17)	Limit on includible compensation *	250,000	245,000	254,780	255,000	0.1%
402(g)(1)	Limit on 401(k)/403(b) elective deferrals	17,000	16,500	17,255	17,500	1.5%
414(q)	HCE definition	115,000	110,000	115,120	120,000	4.3%
414(v)(2)	401(k)/403(b)/457(b) catch-up deferral limit	5,500	5,500	5,752	6,000	4.4%

Other Limits

IRC	LIMIT	2012 ROUNDED	2011 ROUNDED	2012 UNROUNDED	NEXT INCREMENT	% INCREASE NEEDED
457(b)	Limit on deferrals	\$ 17,000	\$ 16,500	\$ 17,255	\$ 17,500	1.5%
416(i)	Top-heavy key employee definition	165,000	160,000	165,607	170,000	2.7%
409(o)(1)(C)	ESOP payouts, five-year limit	1,015,000	985,000	1,019,120	1,020,000	0.1%
409(o)(1)(C)	ESOP payouts, additional one-year limit	200,000	195,000	203,824	205,000	0.6%
408(k)(2)(C)	SEP pay threshold	550	550	573	600	4.8%
132(f)(2)(A)	Commuter/transit limit (monthly)	125	230	126	130	3.2%
132(f)(2)(B)	Parking limit (monthly)	240	230	240	245	2.1%

* Governmental plans have special rules for eligible participants as defined in OBRA '93.

Tables compiled by Andrew Eisner of Buck Consultants Research Department.

Is 411(d)(6) Dead?



I'VE LONG BEEN A PROPONENT of Code Section 411(d)(6), the prohibition against decreasing accrued benefits by a plan amendment. Prior to the passage of the Pension Protection Act of 2006 (PPA), Section 411(d)(6) was like the ace of trumps: It overruled everything, unless there was a specific statutory or regulatory exemption. This reflected the concept behind the Employee Retirement Income Security Act (ERISA), which was enacted in 1974 to protect the pension benefits for non-highly compensated employees. The intent of ERISA would have been thwarted if employers could reduce or eliminate benefits that already had been earned simply by amending their plan. ERISA also created a new government insurance company, the Pension Benefit Guaranty Corp. (PBGC), to help guarantee payment of these benefits.

But in the first decade of the 21st century, the PBGC began to show a deficit, and, to protect the government instead of the participants, the PPA introduced the concept of “prohibited payments.” Under Code Section 436, if a plan’s funded status is below 80 percent, certain accrued benefits cannot be paid. Now we are in a situation similar to the old conundrum: “If a tree falls in the forest where no one can hear it, does it make a sound?”

If a benefit cannot be paid, is it really accrued?

It’s important to note that Section 436 does not restrict the original benefit protected by 411(d)(6)—the single-life benefit payable at normal retirement age. Things that might be prohibited fall into the more expansive definition of accrued benefit, such as lump sums or Social Security level income options. Consider the example of a sewing machine operator who wants to retire at age 55 with a Social Security level income form of payment. Under this option, instead of receiving \$850 a month for the rest of her life, she would receive \$1,300 a month from the plan until age 62, when the plan benefit drops to \$720. (At that time, she presumably would begin collecting Social Security and her entire retirement income would remain ap-

proximately level—hence the name of the optional form.) The whole stream of payments is actuarially equivalent to a level \$850 a month on a single-life basis beginning at age 55, so it all works out. Plan X gives her this right as part of her accrued benefit, and Section 411(d)(6) prevents the employer from eliminating it.

But if Plan X is woefully underfunded—under 60 percent—does the participant actually have a right to this benefit anymore?

That depends on how you interpret the language of Section 436(d)(5), which states that a prohibited payment is “any payment in excess of the monthly amount paid under a single life annuity (plus any social security supplements described in the last sentence of Section 411(a)(9)).” The last sentence of 411(a)(9) defines such supplements as those that “(a) do not exceed such social security benefits, and (b) terminate when such social security benefits commence.”

This is an odd sentence. As an escape value from Section 436, it has two problems:

1. How does the plan administrator know what the sewing machine operator’s Social Security benefit will be, and therefore the amount that is safe to pay as a supplement because it does not exceed “such social security benefits,” and

2. How can the administrator know “when such social security benefits commence”?

Without any regulatory guidance that would bless payment of a “legitimate” Social Security level income option, how can the sponsor of Plan X be sure it is not violating Section 436 if it makes a good faith estimate of her Social Security benefit beginning at 62 and then approves payment of her early retirement benefit in a Social Security level income form?

Clause (b) of Section 411(a)(9) is especially troubling. It does not refer to when the Social Security benefits could commence, but when they do commence. What if the participant decides not to commence her Social Security at age 62? Does the fact that the Social Security supplement under the plan ends when she reaches age 62, regardless of whether she commences Social Security, turn this into a prohibited payment? If not, why not? If so, how can the plan offer this form of benefit without violating the law?

A more subtle question is this: Assuming Plan X can’t provide a Social Security level income option because it is underfunded, does this participant actually have this option as an “accrued benefit”? Unlike lump sums, which still could be paid once the plan’s funding level rises above 80 percent, there is no way to restore this optional form once the participant has reached age 62. It is simply gone. Did the PPA inadvertently eliminate the previous protection for this benefit?

If a benefit cannot be paid, how can it be protected? If it cannot be protected, does 411(d)(6) still exist as the “ace of trumps”? Or has Section 436 superseded it? ▲

JAMES KENNEY, a pension consultant in Berkeley, Calif., is a contributing editor for the **EAR**.

Recent Developments for Hybrid Plans

AFTER MANY YEARS OF COMPLIANCE UNCERTAINTY, the Pension Protection Act of 2006 (PPA) provided a potential road map for plan sponsors to offer cash balance and other hybrid plans. The Internal Revenue Service (IRS) in October 2010 released final regulations (effective for 2011 plan years) covering a number of hybrid plan issues under PPA and proposed regulations (effective for 2012 plan years) on a number of others.

In the cash balance sessions (407 and 608) at the 2011 Enrolled Actuaries Meeting, Larry Sher, Richard Shea, and Michael Spaid discussed these regulations and other recent developments for hybrid plans.

What Are Hybrid Plans?

The distinguishing characteristic of a hybrid plan is that the accrued benefit is expressed as a current value (e.g., the account balance under a cash balance plan) and is indexed before commencement to preserve that value (e.g., interest credits under a cash balance plan), the panelists explained. The PPA's definition of "applicable defined benefit plan" clearly includes such designs as cash balance and pension equity but also describes plans that have "an effect similar to" such plans. The regulations used the term "statutory hybrid plan," which covers lump-sum-based formulas such as cash balance and pension equity but also can include such designs as variable annuity and indexed annuity plans.

Avoiding Whipsaw

Under pre-PPA rules, a plan's account balance had to be rolled forward at the plan's interest crediting rate, converted to an annuity under plan assumptions, and then converted to a present value under 417(e) assumptions, said Spaid, actuary with the IRS in Seattle. Under PPA, it is clear that whipsaw can be avoided if certain conditions—such as the market rate of return—are met, he explained. Spaid said that under the proposed regulations, it would appear that annuity forms of payment cannot be subsidized because non-lump sums must be the actuarial equivalent of the account balance under reasonable assumptions. The IRS is looking at this issue, he said. As plan sponsors transitioned to post-PPA rules, they had to amend their plan documents by the end of the 2009 plan year to remove any explicit description of whipsaw in order to receive anti-cutback relief. If subsidized annuities are not permitted under the final regulations, then plans that currently offer subsidized annuities will need anti-cutback relief.



Testing for Age Discrimination

Under the PPA (and subsequent regulations), the test for age discrimination has been expanded to include the current cash balance account or current pension equity accumulation in addition to the annuity commencing at the normal retirement age. The panelists explained that under the age discrimination test, a younger participant cannot have a higher benefit than an older participant in a similar situation (i.e., identical in every respect except age). This means that if a plan converts to a cash balance formula but grandfatheres a group of participants in an existing formula, it must offer this group the greater of the two, even if the prior formula provides a better benefit.

Setting the Rate of Return

The final regulations permit a number of indexes, including high-quality corporate bonds, Treasury rates, and the consumer price index (CPI). While the proposed regulations appear to limit the market rate of return options to those specified by the IRS, the regulations also would allow certain equity-based returns and minimum rates of return. Minimum rates of return often need to pass separate IRS rules for backloading benefit accruals. The proposed regulations allow a 4 percent minimum if using a bond index or CPI, a 3 percent annual cumulative minimum return (cash balance plans only have to offer a 0 percent minimum), or a 5 percent fixed interest credit.

The panelists disagreed about whether the minimum interest credits are intended to add value to participants' benefits (i.e., the floor is independent of the market rate of return) or whether the minimum rate needs to be considered in conjunction with the market rate (i.e., the floor is indicative of the market rate of return). The final regulations ultimately will address this as well as how plans with a current minimum in excess of the PPA-required minimum can transition to the new rules. ▲

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plans over more than 10 years under a set of assumptions determined by the SOA, and then projected the plans' funding requirements for the remainder of this decade. These results were then weighted to calculate the overall impact for the PBGC-covered single-employer defined benefit market.

While the pattern of projected contribution requirements in the report is not likely to surprise most enrolled actuaries, the report's findings are unique in that they show the aggregate systemwide effect. The SOA also evaluated the results in the context of recent history, including regulatory and economic changes, and looked at how some of the decisions about how much and when to fund individual defined benefit plans have affected the pension system as a whole.

Key findings from this research include:

- Over the 10 years ending in 2009, aggregate contribution levels averaged approximately \$66 billion per year and generally exceeded the aggregate minimum required contribution levels.
- The aggregate minimum required contributions are expected to increase significantly—to approximately \$90 billion per year—over the 10 years beginning in 2010. These projections were made before taking into account 2011 plan experience.
- Contributions were more than five times higher than required levels in 2008 and more than four times higher in 2009. This suggests that employers have begun to fund their plans in advance of requirements. While these levels indicate that many individual plan sponsors are capable of managing the funding demands of their plans, there will be employers for which the increases pose a greater challenge.
- Aggregate contribution levels are sensitive to the effects of stock market returns because of the significant exposure to equity investments.

Reducing the Effect of Market Cycles

The financial repercussions of the most recent recession show that the private pension system is highly reactive to market cycles: As interest rates or equity market returns fall, minimum contribution requirements rise quickly in response. They also illustrate how highly sensitive the current system is to equity market returns and raise questions about whether this cyclical nature is good for the system.

There are changes that individual sponsors can make to their plans and that regulators can make to the system that could help minimize the effect of market fluctuations. But these changes have drawbacks that should be considered carefully.

Individual plan sponsors will need to decide whether and how to sustain their plans going forward. They may choose to reduce the effects of interest rate declines and equity market volatility by shifting their asset portfolio toward liability-driven investment strategies. This approach generally is sound risk management, but it's likely to increase the baseline cost because the plan is giving up potential equity gains. Sponsors



Joe Silvestri (r) and Don Fuerst respond to questions at the Capitol Hill briefing.

Findings Presented on Capitol Hill

The results of the report *The Rising Tide of Pension Contributions Post-2008: How Much and When?* were presented at an Oct. 11 Capitol Hill briefing co-sponsored by the Academy and the Society of Actuaries (SOA). Panelists discussed what plan sponsors and regulators could do to manage the private pension system's funding challenges. Speakers at the briefing were Don Fuerst, the Academy's senior pension fellow; Ethan Kra, chairperson of the Pension Practice Council; Joe Silvestri, the SOA's retirement research actuary; and Tom Terry, chair of the SOA's Rapid Research Modeling Oversight Group. The Academy's slide presentation and a video of the briefing are available on the Academy website.

that elect to carry equity risk can choose a funding policy that "smooths" their contribution requirement by funding in excess of the minimum required amount. They also can modify their plan designs, freeze plans to new entrants, and/or eliminate future accrual of benefits for current employees. While this may decrease or eliminate the cost of new benefit accruals, sponsors utilizing this approach would risk negative employee reactions, may lose some of the savings to any replacement benefits offered, and still would need to make contributions for the unfunded obligations created by declining equity market returns and falling interest rates.

PBGC Clarifies Instructions

FOR PLAN YEARS 2009 AND 2010, filers may report Pension Benefit Guaranty Corp. (PBGC) premium payments from plan assets on either Line 2(i)(4) or Line 21 of the Schedule H on Form 5500, the PBGC wrote in a Nov. 2 [letter](#) to the Pension Committee. It also stated that the instructions for 2011 will require reporting this information on Line 2(i)(4).

The PBGC's letter was in response to the Pension Committee's Oct. 14 [letter](#) to the Internal Revenue Service and the Department of Labor requesting clarification of the instructions for Form 5500 on the reporting of premium payments made to the PBGC from qualified defined benefit DB plan assets. ▲

◀EA MEETING, FROM PAGE 2

415 compliance. This session reviews the mechanics of 415 and special rules for public-sector plans.

→ **Voluntary correction programs:** Pension rules have become so complicated that no one can get everything right all the time. So what do you do when you discover a compliance problem? A panel of experts will discuss real-life case studies and explain various correction programs.

New this year are two ethics sessions. By attending both, enrolled actuaries can fulfill the new Joint Board for the Enrollment of Actuaries ethics education requirement for this renewal cycle.

The meeting also will include perennial favorites: a review of the Gray Book, late-breaking developments, and dialogues with representatives from the DOL, IRS, PBGC, and Joint Board.

If you're looking for more continuing education opportunities, seminars are available before and after the meeting:

- Professional Standards Seminar (March 25)
- Business Development and Relationship Management Skills (March 25)
- Public Plans Update (March 28)
- 2012 Pension Symposium (March 28–29)

Back by popular demand to entertain you at the Monday luncheon are the Capitol Steps. Enjoy songs and political satire by this Washington-based troupe of congressional staffers turned singers and songwriters, who are sure to have a humorous take on the 2012 election.

For more information and to register for the 2012 EA Meeting, visit www.enrolledactuaries.org. ▲

◀RESEARCH, FROM PAGE 7

The regulatory structure also can be aligned to reduce single-employer defined benefit employers' sensitivity to economic cycles. Regulators could change the minimum funding requirements to make them less sensitive to interest rate and equity market fluctuations. These changes, for example, could allow for longer amortization of current shortfalls, which would give sponsors more flexibility to determine when they will fund their plans. This approach, however, would increase the cost of insuring the system through the PBGC and decrease participants' benefit security. Regulators also could encourage better risk management by linking minimum required contributions to the sponsor's credit rating, the risk taken by the sponsor in the asset portfolio, the relative maturity of the plan itself, or a combination of these. The funding requirements could be tied to the risk profile of pension plans and their sponsors, much in the same way that insurance companies are regulated. This practice, however, would be a significant departure from past regulatory principles that treat all plan sponsors the same regardless of the sponsor's credit risk or the plan's investment choices.

The results of this research show how each decision about plan design, funding, and regulation can affect the single-employer defined benefit system. The research findings present a number of options that policymakers and plan sponsors should consider as they look for ways to make the pension system stronger. To read the full report, visit <http://www.soa.org/files/pdf/research-2011-10-rising-tide-report.pdf>.

The study was the first project of the SOA's Rapid Retirement Research Initiative, which was created to provide timely data-driven research to the public and to policymakers. Possible areas for further study include revisiting this study as the economy changes and more data become available, considering the effect of various future economic scenarios on contribution requirements, and looking at different risk management techniques or regulatory changes and how they could affect contribution requirements.▲

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