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KEN KENT

Quiet Diplomacy Yields Results

AS MY TWO-YEAR term as vice president for pension issues at the Academy comes to an end, I look back in amazement at the amount of effort expended by Academy volunteers and staff over this period. Pension issues have been on the front pages of newspapers on a regular basis during this time, and I have had the honor of working with thought leaders within our profession from all over the country. Yet one of the most challenging issues remains: helping members understand how the Academy represents them, particularly in the debate over pension funding and Social Security reform.

I will try to provide some perspective. It is important to remember that the Academy is a member-based professional organization. Unlike traditional lobbying groups, we represent our individual members and the actuarial profession first and only. When it comes to influencing policy-makers, the Academy's strongest suit is its members' expertise in matters of

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Ken Kent testifies at a 2004 House subcommittee hearing on pension reform.

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Academy Testifies on Proposed Sec. 415 Regs

IN MAY, the IRS released long-awaited proposed regulations to amend Internal Revenue Code Section 415 regarding limitations on benefits and contributions for qualified plans. Given the actuarial implications of the proposed regulations, Ethan Kra, a member of the Academy's Pension Practice Council, testified on the Academy's behalf at an Aug. 17 IRS public hearing on the proposed regulations. Kra's testimony was based on a formal comment letter to the IRS submitted by the council on Aug. 11.

The testimony focused on three specific areas: multiple annuity starting dates, early retirement adjustments, and the definition of final average compensation.

With respect to multiple annuity starting dates, Kra outlined concerns with the methodology used in the proposed regulations to convert past payments to current offsets to the Sec. 415 limit and provided a number of examples illustrating fundamental problems in areas such as ad hoc COLAs and phased retirement. As an alternative, he recommended determining how much of the Sec. 415 limit was used at initial retirement and making sure that amount is offset from the Sec. 415 limit at any subsequent retirement or benefit change date.

On the issue of early retirement adjustments, the age-adjusted dollar limit in the proposed regulations is based on the plan's mortality basis in conjunction with the plan's interest rate. Currently, Sec. 415 requires that actuarial assumptions used for determining this

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EDITOR
Ken Kent

CONTRIBUTING EDITORS
Judy Anderson
Andrew Eisner
Bruce Gaffney
Ron Gebhardtsbauer
Heather Jerbi
James Kenney
Adrien LaBombarde
Diane Storm

MANAGING EDITOR
Linda Mallon
editor@actuary.org

MARKETING AND PUBLICATIONS PRODUCTION MANAGER
Joseph Vallina

PUBLICATION DESIGN AND PRODUCTION
BonoTom Studio, Inc.

LETTER TO THE EDITOR

Are Pension Actuaries Acting Unprofessionally?

READ THE SPRING 2005 *EAR* article "Negative Unfunded Liability: Confusion and Relief" by Tom Schryer with interest and some dismay. I share Tom's concern about the confusion generated by Revenue Ruling 81-213 and his desire for more definitive guidance from the IRS on establishment of amortization bases when plans may be in a surplus position. However, I am dismayed at his suggestion that many pension actuaries are acting unprofessionally.

Tom indicates that many actuaries are "ignoring" parts of Rev. Rul. 81-213 and implies that an actuary who does so should be checking a box at the bottom of Page 1 of the Schedule B indicating that he or she has "not fully reflected any regulation or ruling."

These statements bother me for several reasons: In addition to implying that many pension actuaries are acting unprofessionally, Tom implies that there is but one correct interpretation of the language in Sec. 7 of Rev. Rul. 81-213, and an actuary must use that interpretation or check the box on the Schedule B. This places actuaries who have a different interpretation of Rev. Rul. 81-213 (i.e., those who are "ignoring" the correct interpretation) and who don't check the box on the Schedule B at risk.

Let's take a closer look at Tom's example to see how "Rev. Rul. 81-213 tells us how to set up new minimum funding amortization bases if the old bases have been eliminated due to full funding in the prior plan year."

Sec. 5.01 of Rev. Rul. 81-213 tells us that the actual unfunded liability as of the previous valuation date is zero since the actual unfunded liability cannot be negative.

Sec. 6.01 tells us that we need to determine a gain or loss under the general rules. An experience gain is equal to the excess of the expected unfunded liability over the actual unfunded liability. A loss is the excess of the actual unfunded liability over the expected unfunded liability. The expected UAL as of the valuation date in Tom's example under Sec. 6.02 is equal to zero plus NC (plus interest) minus contributions (plus interest). Since we were fully funded, we will assume no contributions for the prior year. Thus the expected unfunded liability equals the NC plus interest. Under Tom's example as of the valuation date, the actual unfunded liability is zero (as limited by Sec. 5.01), so the plan has an experience gain under the general rule for the previous year of NC plus interest.

The special gain/loss determination rules under Sec. 7.02 say that if we have an experience loss in the prior year and there are no other amortization charges, we establish a base. But we didn't have an experience loss for the previous year. Under Sec. 6, we had a gain. Since the equation of balance in Sec. 7.01 and Reg. 1.412(c)(3)-1(b) will not work if we establish a gain base, it is not clear how we should proceed under this revenue ruling.

Rev. Rul. 81-213 can be interpreted in several different ways. While most of us would like to have more definitive guidance from the IRS on this issue (and have been working to get it), I think it is unfortunate to imply that pension actuaries who happen to have an interpretation of this ruling different from Tom's are acting unprofessionally.

—KEN STEINER,
Arlington, Va.

TOM SCHRYER RESPONDS: *Ken's example is correct, as is his comment that "it is not clear how we should proceed." I am not aware of anyone practicing unprofessionally with regard to Rev. Rul. 81-213. It seems that the IRS is not fully enforcing the ruling, and while some people have been aware of that for some time now, they have apparently stayed within the IRS's unpublished revised rules. I had telephone conversations and correspondence with the IRS back in the 1980s as to the intended meaning of Rev. Rul. 81-213 and until recently relied on my clarifications from that process (and they deviated a bit from the written standard). There is no single correct approach here. Regarding that nasty box on Schedule B: In case my phrase "an actuary following the current IRS interpretation of Rev. Rul. 81-213 would seem to be fully reflecting this ruling" is unclear, let me reword it to "I don't think we have to check the box if we believe we are following the IRS's latest view on Rev. Rul. 81-213, a view that sometimes allows balancing to a negative unfunded liability."*

Pension Accounting: The Search for Stability

Editor's Note: *The following e-mail discussion arose out of a query originally sent to Senior Pension Fellow Ron Gebhardtsbauer, who forwarded it for response to Bill Sohn, chairperson of the Committee on Pension Accounting, and Jim Verlautz, a member of the Pension Practice Council who serves as the council's liaison to the Risk Management and Financial Reporting Council. Animating the discussion are many of the arguments about financial accounting that are currently roiling the profession. All participants in the exchange graciously agreed to its publication in the* EAR *in the interests of furthering greater discussion on the topic.*

Initial Question—I was present at the recent EA meeting, including the forum on defined benefit plan funding. I've been doing my best to follow the developments, including recent Academy comments, recently proposed legislation in the House, and so forth. There is more than I can effectively keep up with.

While I see good debate and proposals circulating to balance the funding security/flexibility issues, debate relating to financial accounting is less visible. If the goal is to reignite awareness and interest in Congress and among employers about the real need and value of lifetime pension incomes for employees, a huge obstacle is the FASB [Financial Accounting Standards Board]. Business executives focus on stock prices and shareholder earnings with short-term mentality; current accounting requirements take long-term pension benefit promises and force them into an immediate term valuation. It's like a run on the bank in the 1800s—without confidence that the assets backing the deposits will be available when required, depositors rush to get their money out before there isn't any left. The system doesn't work without faith and long-term thinking. Banks fail; the government either bails them out or depositors lose.

The dwindling number of defined benefit plan sponsors is reminiscent of this. Ian McFarlane has commented in a recent Senate hearing that the transparency of accounting was admirable but the volatility had a significant impact on the number of pension plan freezes in the United Kingdom.

These are footsteps that the United States cannot afford to follow.

My question: Is the accounting profession being pressed to consider the impact and modify accounting requirements on the retention of pension plans? Without that, I fail to see how pension funding reform will be much more than slowing the runoff of current plans. That would fall far short of the better goal of encouraging new pension plans for the next generation of workers.

Sohn's Answer—I can't say what the rest of the profession thinks at this point; I can only speak for myself. The points you raise are all valid, but, ultimately, I don't look at things quite the same way.

I will try to articulate my views.

On the matter of financial statements, there are three major projects afoot that affect us—the fair value project, the convergence project, and the financial performance reporting project. On fair value, there is broad agreement that presenting assets and liabilities at fair value is more "representationally faithful" than otherwise. We all understand that this will lead to greater volatility, but there is general agreement that investors can deal with or manage volatility. What is becoming less acceptable is denying volatility where it exists.

On convergence, [the] FASB is trying to converge its standards with [the] IASB [International Accounting Standards Board] and other accounting bodies, and there is wide support—maybe stronger than in the United States—that this means mark-to-market accounting. Third, on performance reporting, there is general agreement that reported earnings per share (EPS) is a highly significant number, but that number might more accurately be restated as operating earnings per share.

What precedes is background, but it is the background we have to live with. Actuaries lose all credibility if they say, for example, that fair value is inappropriate or that it is appropriate for everything but pension assets and liabilities. The issue really is, what does fair value mean in the context of nontradable liabilities? This is an area where we may have something useful to say. On the question of amortization of G/L [gains/losses] or amendments, there seems to me justification for both, so long as we are measuring liabilities by the PBO [projected benefit obligation]. If the liability is the ABO [accumulated benefit obligation] or windup benefit or something similar, then I fail to see the justification for deferral of recognition.

Which is to say that there are a lot of issues that have to be resolved, but they will not be resolved in our favor by repeating what everyone has already heard from us and rejected—that the pension plan is a long-term commitment, and we must take a long-term view about cost stability.

However, we do need to point out that there is a need for contribution stability if plans are to be encouraged—and possibly cost stability as well—and that it is possible to have both under certain conditions. One is the use of matched bonds, a solution that I think is unattractive to most sponsors. The other has to be a series of redesigns that allow part of the benefit to be secure only to the extent funded (rather than the other way around). This would transfer part of the risk to participants without necessarily going to variable annuities.

Verlautz's Answer—Speaking only for myself, I share your frustrations, and I think many other people are similarly frustrated. In general, I agree with Bill's response but wanted to very directly respond to your question.

The answer, as I see it, is that both the actuarial profession and the corporate

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world in general have pressed the FASB for years to consider the impact of the accounting requirements on the continued existence of plans. They were pressed during the initial development of FAS 87, they are being very strongly pressed right now with regard to stock options, and they were pressed when FAS 106 was being developed. In each of those cases, the FASB was presented with likely outcomes of the standard, and to a great extent those predictions have been correct.

However, the FASB's position was, and continues to be, that it's job is to require complete and useful information, and if a company's management changes its policies as a result of the additional information, then financial reporting is serving its purpose. It's probably worth noting that in my personal discussions with FASB board members, they have indicated that they are constantly struggling to find the right balance of amount and type of information disclosed between corporate America on one side and the financial (investment bankers, brokers, etc.) on the other.

I think the FASB does understand the significant potential for negative consequences. However, in the long run, I think the issue is less about the long-term nature of pensions and more about the long-term nature of companies. I'm not yet convinced that the best indication of the fair value of anything is necessarily current market, because current market is subject to emotional swings and other types of not very meaningful fluctuations. But the FASB has rejected that, and although I think that some of us will continue to advocate that position, the actuarial profession also has to be willing to work with the FASB within the current value framework it has set, or we'll merely lose our seat at the table. In other words, if we want to maintain the chance to influence the direction at all, we have to buckle ourselves in for the wild ride. Otherwise, we're too small a player for it to make a special effort at accommodation.

> The actuarial profession has to be willing to work with the FASB within the current value framework it has set, or we'll merely lose our seat at the table.

Summary Response—First, I want to thank you both for taking the time to give me your personal views. This is definitely not my area of expertise or even an area where the majority of my clients' needs are centered. But it is of significant importance to the actuarial profession and has huge long-term implications for our society. Thank you both for broadening my knowledge of [the] FASB's thinking and where we as a professional group stand in our ability (or lack thereof) to influence where it is going. If this is the way life is, then it doesn't make sense to yell louder or to bang our heads against the wall.

I used a "run on the bank" example earlier to describe how there are some systems that work simply because we all buy in and agree that we will make them work, and that the need to make them work supersedes the perfection or transparency of real current value or perfect equity. Trading paper (or now e-money) as wealth is the most basic example. I still think that lifetime pension promises are another.

For the most part, those of us alive today do not have any vivid recollection of what life in retirement was like before Social Security and private pension systems became available. The autonomy—and life spans—that older individuals have today are in large part possible because they have some retirement income that wasn't left solely to them to provide for themselves. As a society, we may have to again live through the turmoil of greater retiree poverty, reversion to extended family living situations, etc., to remember what we're willing to give up now to avoid [such situations]. It is also probably true that those in a position to influence the course of action are the least likely to personally feel the sting of running out of money to live decently in their retirement years.

If we believe fundamentally that stable retirement systems promote the general welfare of our citizens and culture, we need to provide effective mechanisms for them to be sought after. If it is reasonable to assume that:

- The vast majority of individuals will never effectively save even a reasonably sufficient amount on their own to support themselves in retirement,
- [The] FASB will continue down the path it has started on its fair value and convergence projects,
- Businesses will rarely voluntarily assume a long-term potentially volatile commitment that will jeopardize their short to medium profitability measures,

then these realities will have to shape the solutions. Perhaps it is a compromise of some things, such as:

- More flexible funding (significantly greater ranges of contributions to enable sponsors to contribute when flush and less when not). This requires the government to support the loss of tax revenue—is this possible for more than one presidency?
- Fewer guarantees—if promised benefits are not funded, then the participant gets what is.
- Mandated minimum lifetime pension benefits—if everyone agrees that lifetime benefits are a human necessity and that businesses are unlikely to voluntarily sacrifice their potential market position to fund pension benefits when their competitors aren't, then perhaps this needs to be formally acknowledged as a required cost of doing business.

Unfortunately, some of these solutions are less likely to be enacted than [the] FASB modifying its course.

Highlighting Another Side of Academy Work

I OFTEN RECEIVE questions from Academy members about the activities of the Pension Practice Council and its various committees, especially about our pension funding and Social Security reform efforts. While the work speaks for itself — a complete list of public statements can be found at http://www.actuary.org/pension/index.htm — many of our efforts are never publicized because they are done behind the scenes, in meetings and discussions with congressional staff, regulatory agencies, think tanks, and business and trade organizations.

Although these activities often require significant effort by Academy Senior Pension Fellow Ron Gebhardtsbauer, as well as our many active volunteers, our responsibility to protect confidential working relationships may leave Academy members with the impression that little is going on. Nothing could be further from the truth. Without compromising our contacts, I will chronicle some recent examples of behind-the-scenes activities that might provide an insight into the mechanics of policymaking in Washington.

In the past few months, there has been a flurry of activity on pension funding reform. Rep. John Boehner (R-Ohio) introduced and passed out of the House Education and the Workforce Committee the Pension Protection Act of 2005 (H.R. 2830), and the Senate Finance Committee modified and passed the National Employee Saving and Trust Equity Guarantee Act of 2005 (S. 219).

Many legislators and other policy-makers are seeking actuarial input on aspects of both pieces of legislation. In his capacity as senior pension fellow, Ron makes it his priority to respond to all such requests—in some cases through in-person meetings and presentations and in other cases through one-on-one conversations and conference calls. Typically, Ron consults with volunteers to assess the implications of legislation and obtain assistance with quantitative analysis, thereby ensuring that he has a thorough understanding of volunteer opinions (and, sometimes, consensus). The following list, by no means all inclusive, represents some of the hot topics we address on a daily basis:

➔ CREDIT BALANCES—Ron and other council members have responded to questions about credit balances: for example, the advantages and disadvantages of keeping a credit balance provision, and the potential benefits and consequences of subtracting the credit balance from the market value of assets for purposes of the proposed benefit restriction rules.

➔ YIELD CURVE—Both pension bills contain provisions establishing a yield curve for determining plan liabilities, but their approaches differ slightly. The House bill provides for a three-segmented yield curve, while the Senate legislation utilizes a full curve. Following discussions with a number of other actuaries on ways to construct a segmented yield curve, as well as the pros and cons of using a full or segmented yield curve and the implications of the construction of those rates, Ron has passed along this information to policy-makers. He has also presented information on the difference in accuracy that can be expected between a single corporate bond rate and a corporate yield curve, as modeled by members of the Pension Committee.

➔ SMOOTHING—Should reform allow smoothing? Should it be on the assets and liabilities or the contributions? Based on volunteers' discussions of alternatives to traditional smoothing mechanisms, Ron has illustrated to Capitol Hill staff how smoothing can be accomplished by phasing in the amortization payments, and he has spoken with staff about the impact that each method of smoothing would have on predictability and volatility for plan sponsors.

While pension funding reform has been moving fast, it hasn't received the public attention devoted to Social Security reform. The Academy has been involved in a number of public projects on the latter, including a news conference, congressional testimony, Capitol Hill briefings, and the publication of issue briefs and an article in *Contingencies*. We have also have been a sought-after resource for the media. But our most important contribution may lie in background briefings and discussions held between Academy members and staff and key players in the debate. Academy representatives have met with a number of Capitol Hill staffers and Bush administration officials to discuss various proposals and answer questions about potential problems, unintended consequences, general impact, and alternative means of reforming Social Security through legislation. One example: a recent discussion on ways to achieve sustainable solvency through longevity indexation and ways to annuitize the benefit received from individual accounts. As a result of these consultations, policy-makers have a much better understanding of the actuarial implications of reform.

The Academy is in constant communication with Capitol Hill and other stakeholders to brainstorm alternatives that will satisfy the goals and objectives of our target audiences. While some of the alternatives make it into legislation, others do not. Regardless of the outcome, the Academy is actively involved in the process.

—HEATHER JERBI

financial risk and security programs. While there are employee-benefit lobbyists directly aligned with employer and/or employee interests and retirees who approach legislators as constituents, the Academy doesn't have that direct link.

The Academy is recognized for the understanding and expertise our members bring to the analysis of complex programs. We are not expected to represent employer or employee issues. This can make for a difficult balancing act for our members because their employers clearly have concerns about pension funding and Social Security reform. At the same time, there are members who question whether actuaries have a voice.

When I speak at actuarial clubs and meetings, the question still arises: why isn't the actuarial profession more visible in the debate? The answer is that our best work is behind the scenes.

Framing the Debate

Let me highlight where the actuaries' voice can be heard. We have influenced policy by helping to frame the debate through:

- Publishing issue briefs on every known aspect of Social Security reform, including:
  - *Raising the Retirement Age for Social Security*
  - *Social Security Reform: Voluntary or Mandatory Individual Accounts*
  - *Automatic Adjustment to Maintain Social Security's Long-Range Actuarial Balance*
  - *Social Security Individual Accounts: Design Questions*
  - *Means Testing for Social Security*
  - *Social Adequacy and Individual Equity in Social Security*
  - *The Questions Candidates Should Answer ... Social Security Reform*
  - *Social Security Benefits: Changes to the Benefit Formulas and Taxation.*
- Creating a platform to guide pension reform, including:
  - Papers that set out our principles and alternative ways to approach them—*Pension Funding Reform for Single Employer Plans* and *Principles of Pension Funding Reform for Multiemployer Plans*—or that provide important general information, such as *Fundamentals of Current Pension Funding and Accounting for Private Sector Pension Plans.*
  - Academy Fact Sheets, which offer policy-makers up-to-the-minute information on breaking topics such as the PBGC and United Airlines or how a credit balance is defined.
  - Scores of letters, comments, and testimony to Congress and federal agencies.

With all of this activity, an interesting part of my job has been watching how our information is used and tracking the part we play in the shaping of reform. Yet, when I speak at actuarial clubs and meetings, the question still arises: why isn't the actuarial profession more visible in the debate? The answer is that our best work is behind the scenes. And that may not be what everyone wants to hear. This takes me back to my earlier point—our constituents are our members, some of whom work for the government, many of whom are enrolled actuaries who must balance their responsibilities to participants and to their employers. So when we have the opportunity to respond to proposed legislation or regulations, our response needs to be objective, favoring neither employees nor employers.

Advantages to Being Objective

The Academy's lack of bias opens a lot of doors and keeps them open when legislation is being formulated and changed. Congressional staffers who write bills or educate their bosses on legislative implications seek out the Academy for insight because they know we will be fair and willing to identify the implications for all stakeholders. We do not make the news with controversial opinions, but we get heard. And our endorsement (or disapproval) is valued. This was evident when the Academy criticized the use of the value of infinite horizon projections in Social Security reform.

There are many volunteers whose work has helped us get important points across in our quiet but meaningful way. I have appreciated every day the opportunities that serving as the Academy's vice president has afforded me. I would especially like to thank Heather Jerbi, the Academy's talented and dedicated senior pension policy analyst, for all her hard work. My thanks, also, to Academy Senior Pension Fellow Ron Gebhardtsbauer, who allowed me to tag along on many of his Capitol Hill visits, where he delivered the profession's insight in these critical times.

KEN KENT, *a consulting actuary with Cheiron Inc. in McLean, Va., is the editor of the* EAR. *He completes his term as the Academy's vice president for pension issues in October.*

amount refered to an interest rate not less than the greater of 5 percent or the rate specified in the plan *and* the mortality table prescribed by the secretary of the Treasury.

"Problems arise from comparing the plan's factors, based on the plan's interest rate and mortality, with factors based on the statutorily mandated interest rate and mortality table," said Kra. Essentially, as the council pointed out in its comment letter, a dollar limit based on the proposed regulations could be lower than the proper limit determined under the code.

The proposed regulation limits the definition of compensation to the period of participation and also requires that it reflect the Sec. 401(a)(17) limit. The change limiting compensation to the Sec. 401(a)(17) maximum will effectively limit post-age-65 increases in the dollar limit, essentially providing a cutback if the participant deferred retirement to a later age. Kra said that such a limitation could be viewed as age discrimination because a participant who passed approximately age 68 would not be permitted to have any further actuarial increases in his or her benefit, even if employment were terminated.

The council's letter also addressed the following issues, which weren't discussed in detail during Kra's testimony:

➔ Late retirement increases—The council requested clarification on how the late retirement increase works when a plan provides the greater of continuing accrual or of actuarial increase.

➔ Rollovers/transfers and new conversion methodology—The council also requested clarification on how the new proposed methodology for rollovers and transfers to defined benefit plans would apply after the effective date of the new regulations. Similarly, the council questioned whether annuity starting dates after the effective date of the regulations would be subject to the new regulations, even if the rollover or transfer occurred earlier.

➔ New rules on post-severance compensation—The proposed regulations require that payroll systems be revised to separately track and back out amounts paid more than 2 1/2 months following severance from employment and amounts paid within the 2 1/2-month period that would not have been paid while the employee continued in employment. The council questioned whether this approach would diminish the value of the W-2 (box 1 pay) safe harbor that's used for Sec. 415 limits, as well as nondiscrimination testing and highly compensated employee determination.

➔ Cost-of-living increases—The proposed regulation provides examples that refer to ad hoc increases in the Sec. 415(b) limit. In its letter, the council suggested a clarification allowing a plan that embeds cost-of-living increases not greater than those provided under Sec. 415(d) in its formula to be treated similarly, not requiring an adjustment in the original benefit.

Responding to a number of questions on alternatives to the methodologies outlined in the proposed regulations, Kra assured panel members that the profession would be willing to work with Treasury and the IRS to analyze all examples and possible exceptions in order to "develop a rational approach."

To read the Academy's comment letter, go to www.actuary.org/pdf/pension/irc_081205.pdf.

—HEATHER JERBI

Academy Urges Pension Bill Correction

CONCERNED ABOUT QUARTERLY contribution requirements in H.R. 2830, the Pension Protection Act of 2005, the Academy's Pension Practice Council proposed a technical correction to the legislation in a July 27 letter to the chairmen and ranking members of the House Education and the Workforce and Ways and Means committees.

Current law provides that a quarterly contribution must be at least one quarter of either 90 percent of the current year's minimum contribution or 100 percent of the prior year's contribution, whichever is less. The 100 percent of the prior year "look back" alternative was provided because the necessary data typically are not available to determine the contribution based on 90 percent of the current year's minimum contribution.

H.R. 2830 does not provide this look-back alternative for 2006. Instead, it says that the quarterly contribution is either 90 percent of the minimum required contribution or, "in the case of a plan year beginning after 2006, 100 percent of the minimum required contribution...to the plan for the preceding plan year." Not allowing the look-back option could have detrimental effects on a plan sponsor's ability to adequately determine the first 2006 quarterly contribution in a timely manner, the Academy stated in its letter.

The Academy suggested appending an item iii to Sections 102 and 112 under ERISA Sec. 303(i)(3)(D)(ii) and the new Internal Revenue Code Sec. 430(i)(3)(D)(ii) that would state, "in the case of a plan year beginning in 2006, 100 percent of the minimum required contribution (without regard to any waiver under Sec. 412(c)) to the plan for the preceding plan year, as calculated under the rules in effect during that preceding plan year."

To read the letter, go to www.actuary.org/pdf/pension/contribution_072705.pdf.

—HEATHER JERBI

Academy Annual Meeting

Oct. 10-11, 2005 ▲ Renaissance Mayflower Hotel ▲ Washington

"The Actuarial Profession at the Crossroads"

THE ACADEMY HAS BEEN serving the profession and the public for 40 years, and now is the time for the Academy to salute the contributions of its volunteers! This year the annual meeting will be a stand-alone event in Washington, featuring a grand gala celebration of the Academy's 40th Anniversary and a challenging program tackling the most important issues facing the profession today.

The registration fee for Academy volunteers has been waived in recognition of their contributions to the profession and the public. Academy members who are not volunteers can register to attend the meeting for a nominal fee of $200.

More than seven hours of continuing education credit is being offered.

The meeting will feature general sessions about issues that are shaping actuarial practice now, litigation risk, and a report from the Academy's Critical Review of the U.S. Actuarial Profession Task Force.

Sessions of special interest to enrolled actuaries include concurrent sessions on:

➔ **Financial economics—**A select panel of experts representing views from across the spectrum will discuss the impact the financial economics debate is having on the profession today and how actuarial practice may change as a consequence in the future.

➔ **Public policy challenges facing pension actuaries—** Panelists will discuss proposals for pension funding, Social Security, and tax reform and how they could affect pension actuaries. Panelists will also review legislative and regulatory prospects for the upcoming year and the Academy's role and impact on the public policy debate.

For more information and to register, go to www.actuary.org/annualmtg.htm.

Questions? Call the Academy's meeting planner Denise Winston, at 202-223-8196.