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Academy Breaks Down Key Considerations of Modifying Pension Minimum Funding Requirements for Policymakers

WASHINGTON—A new [issue brief](#) from the American Academy of Actuaries offers public policymakers a concise, actuarially informed look at the complex considerations involved in modifying minimum funding requirements for single-employer defined benefit plans.

“These rules have changed numerous times in the past, and changing them requires weighing the possible impacts on different stakeholders,” said Grace Lattyak, vice chairperson of the Academy’s Pension Committee, which developed the issue brief, *Public Policy Considerations for Changing Single Employer Pension Plan Funding Rules*. “This new resource draws on actuarial expertise to provide policymakers with key factors to evaluate the different available options for modifying the requirements, and to understand the interests, needs, and potential impacts on plan participants, sponsors, taxpayers, shareholders, and the Pension Benefit Guaranty Corporation.”

Among the public policy considerations are the volatility of minimum required contributions to plans in light of the countercyclical effect of funding requirements, and changes to the smoothing rules. The brief makes the point that the total amount that must ultimately be contributed to pension plans is relatively unaffected if the plan is to be maintained indefinitely. “Evaluation of any proposals should consider this dynamic even if the scoring methodology applied to proposed legislation does not,” said Lattyak.

Read the [issue brief](#) and learn more under the [public policy section](#) of the Academy’s website.

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The American Academy of Actuaries is a 19,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.