

## Academy Focuses on Supreme Court Decision

**I**N A [JUNE 28 statement](#), the Academy called the Supreme Court's ruling to keep the Affordable Care Act largely intact a step toward ensuring that health insurance markets attract a broad cross section of risk, a cornerstone to any viable health insurance market.

"Given the provisions in the law that prohibit insurers from denying coverage or charging higher premiums to people in poor health, the individual mandate can now be an important component of the law to help reduce adverse selection," said Academy Senior Health Fellow Cori Uccello.

In its statement, the Academy also said it will

continue to offer the profession's expertise to federal and state regulatory authorities throughout the implementation process. Actuarial principles and methods are critical in establishing viable health insurance systems.

The Academy will host a free webinar on July 11 at 11 a.m. EDT to discuss the Supreme Court decision and what it means for the profession moving forward. Look for more details in your inbox soon. ▲



## Five Candidates Up for Three Seats on Academy Board

**F**IVE [ACADEMY MEMBERS](#) will be on the ballot for election to three positions as regular director on the Academy Board of Directors when the Academy's online annual election launches on July 23.

"This is the first year there will be a competitive election for one of the three regular director positions," said former Academy President Ken Hohman, chairperson of the Nominating Committee.

The announced candidates are:

For regular director, term expiring 2015 (Health) (vote for one)

➡ Shari Westerfield

For regular director, term expiring 2015 (Health) (vote for one)

➡ Katie Campbell

For regular director, term expiring 2015 (any practice area) (vote for one)

➡ Godfrey Perrott

➡ Henry Siegel

➡ D. Joeff Williams

In finalizing the ballot, the Nominating Committee took into consideration the composition of officers to be elected by the Academy Board of Directors at its annual meeting this fall: president-elect, secretary, treasurer, vice president/casualty, vice president/health, vice president/professionalism. Based on those considerations, and to maintain the balance of practice area representation across

the entire board as provided in the [Nominating Committee Guidelines](#), the Nominating Committee decided that two regular director positions should be filled by health practitioners and one by a member from any other practice area. The three-year terms will run through 2015.

Each candidate has a web page on the [Academy Board Election Center](#), where members can read about the candidates' experience and qualifications as well as their answers to a series of questions posed by the Nominating Committee. Members also can submit questions via a [form on the election website](#). The deadline for submitting questions is July 2. All candidates will respond to the members' questions.

The upcoming election will run from July 23 through 5 p.m. EDT on Aug. 17. The Academy's election vendor, Survey & Ballot Systems, will send all members an email on July 23 with instructions for voting online. To ensure receipt of the ballot email and to keep the election message out of a spam filter or junk mail folder, Academy members are requested to add the following email address to their "white list," or "safe senders" list:

From/Sender: American Academy of Actuaries Election Coordinator

Email address: [noreply@directvote.net](mailto:noreply@directvote.net)

Check the [Academy Board Election Center](#) web page for frequent updates. And watch your email for voting information. ▲

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### Volunteer Survey

Complete online survey by June 29

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### Professional Webinar

Presenters examine ABCD requests for guidance

4

### IRS Hearing

Fuerst and Kleinstuber testify

5

### Voters' Guide

New guide looks at health care reform



## JUNE

**4** ACA Risk Mitigation Programs webinar (Academy, SOA)

**21–22** CIA annual meeting, Toronto

**25** Professionalism webinar: ABCD Requests for Guidance–Insight and Case Studies (Academy, ASPPA, CAS, CCA, SOA)

## JULY

**12–15** NCOIL summer meeting, Burlington, Vt.

**16** Summer Summit, Washington (Academy)

**23** Online voting begins for open regular director positions on the Academy Board

## AUGUST

**11–14** NAIC summer meeting, Atlanta

**15** Executive Committee meeting, Washington

**17** Online voting ends for open regular director positions on the Academy Board at 5 p.m. EDT

## SEPTEMBER

**6–7** Casualty Loss Reserve Seminar (Academy, CAS, CCA)

**11–12** Life PBR seminar: *Test Drive the New VM–20 Principles*, Los Angeles (Academy, SOA)

**13** Professionalism webinar: *Precept 13 of the Code* (Academy, ASPPA, CAS, CCA, SOA)

## OCTOBER

**5–6** NAAC meeting, Mexico City

**10** CUSP meeting, Washington

**11** Board of Directors meeting, Washington

**14–17** SOA meeting, Washington

**15** Academy Annual Meeting, Washington

**21–24** CCA annual meeting, Boca Raton, Fla.

**28–31** ASPPA annual meeting, National Harbor, Md.

## NOVEMBER

**8–9** Seminar on Effective Loss Reserve Opinions, Baltimore (Academy)

**11–14** CAS annual meeting, Lake Buena Vista, Fla.

**12–15** Life and Health Qualifications Seminar (Academy, SOA)

To continue receiving the *Update* and other Academy publications on time, remember to make sure the Academy has your correct contact information. Academy members can update their member profile at the member log-in page on the Academy [website](http://www.actuary.org).

# Academy NEWS Briefs

## Get Involved

**TIME IS RUNNING OUT** to take the Academy's Annual Volunteer Survey. Don't miss this opportunity to express your interest in participating in the important work of the Academy. Serving on an Academy committee offers many benefits—from professional development to

networking—while allowing you to contribute your time, talent, and expertise to advance the profession. If you didn't receive the survey via email, [log in to the members-only side](#) of the website. The deadline for completing the survey is June 29. ▲

## We Want to Know

**WHAT ARE YOUR THOUGHTS** about the Academy's work on public policy, on professionalism, and as the voice of the U.S. profession? How have your impressions of the Academy's value, brand, and image changed in recent years? The 2012 Academy Membership Survey, which is scheduled to launch in July, will measure member responses to 39 such questions. This year's survey expands upon a similar survey completed in 2006. All Academy members are encouraged to participate.

Roughly half the questions are repeated from the previous survey, with the new questions designed to reflect the profession's broader reach and the greater involvement of volunteers in the Academy's mission to serve the public and the profession.



The confidential online survey, designed by the firm that conducted the Academy's 2006 survey, should take members approximately 10 minutes to complete. It will be available for two weeks; members will be able to complete it over multiple sessions, if necessary.

Look for your invitation to take the survey in an upcoming email. ▲

## Better Late Than Never

**YOU STILL CAN RENEW** your Academy membership for 2012, although a 20 percent late fee is assessed after May 1. It's easy to make your dues payment online: Just log in to the Academy website, click "Pay dues" on the member welcome

page, and follow the instructions. If you have any questions about paying dues or about your membership status, contact Mary McCracken, the Academy's membership database administrator, at [membership@actuary.org](mailto:membership@actuary.org) or 202-223-8196. ▲

### Nominations for the 2012 Robert J. Myers Public Service Award due July 6

For more information or to nominate a candidate, go to <http://dev.actuary.org/content/robert-j-myers-public-service-award>.

### Nominations for the 2012 Jarvis Farley Service Award due July 6

For more information or to nominate a candidate, go to <http://dev.actuary.org/content/jarvis-farley-service-award>.



**HEALTH**

Academy Senior Health Fellow **Cori Uccello**

was quoted in a June 21 *PoliticoPro*

article, “Skimpy Plans May Satisfy Individual Mandate,” that discussed how health insurance plans with limited coverage could satisfy the individual mandate in the Affordable Care Act. Uccello described the purpose of the Academy’s voters’ guides on Social Security and Medicare in an *InvestmentNews* article, “[Intelligent Debate](#),” that favorably reviews the recently issued publications. Uccello also was quoted in a lengthy *Congressional Quarterly Weekly* article, “[The Chaos of a Narrow Ruling](#),” which looked at some possible scenarios resulting from the upcoming Supreme Court decision.

*LifeHealthPro* wrote about the Academy’s brief on the Medicare Trustees Report in the May 25 article “[Actuaries: Medi-](#)

[care Trust Fund Looks Awful.](#)”

The article cited the Academy’s recommendation that Congress take action sooner rather than later.

John Archambault’s June 6 Op-Ed in *The Boston Globe*, “[Without Patient-Centered Health Plans, Mass. Is Using the Same Tired Script](#),” referenced the 2009 Academy monograph [Emerging Data on Consumer-Driven Health Plans](#).

The Academy’s work on long-term care insurance was covered in a June 12 *LifeHealthPro* article, “[AAA Panel Seeks Comments on LTCI Rate Draft](#).”

**PENSION**

Senior Pension Fellow **Don Fuerst** added the Academy’s perspective to CNNMoney’s June 12 report “[OECD: Retirement Age Must Rise](#).” The Academy’s stats on longevity were cited by *Alive in East Bay*, an online magazine, in its June 10 article “[The Two Biggest Retirement Misconceptions](#).”



Fuerst also offered the *Detroit Free Press* some perspective on the area’s local pension fund troubles in John Wisely’s June 21 article, “[Wayne County Taxpayers on Hook for \\$600M as Generous Pensions Drain Fund](#).”

In an extensive report, [Can Workers Offset Social Security Cuts by Working Longer?](#), the Economic Policy Institute cites the Academy’s 2010 issue brief [Raising the Retirement Age for Social Security](#).

As Congress continues to deliberate on the transportation reauthorization bill, interest in the pension funding sta-

bilization provisions attached to the bill continues. The Academy’s May 2 letter to congressional conference committee members was quoted on May 22 by *PlanSponsor* in “[Actuaries Make Suggestions for Stabilizing Pension Funding](#).”

“Our consulting actuaries adhere to generally accepted actuarial principles and practices, and they are members of the American Academy of Actuaries,” wrote Robert Conlin, Wisconsin’s secretary of employee trust funds, in a June 5 [letter](#) to the editor of the *Milwaukee Journal-Sentinel*.

A 1995 *Contingencies* article by Joseph J. Buff, “Measuring Insurers’ Investment Performance,” was quoted in an Advisors4Advisors.com blog post, [Is the Veralytic Report a Useful Tool for Advisors in Evaluating Life Insurance?](#) And *AgWeek’s Farms of All Sizes Needed for Crop Insurance to Work Properly* quotes an Academy definition of risk. ▲

## Webinar Offers Insight Into ABCD Requests for Guidance

**I**N A 90-MINUTE JUNE 25 WEBINAR, more than 5,200 actuaries from nearly 900 sites listened to Actuarial Board for Counseling and Discipline (ABCD) members Curtis Huntington and Kathy Riley describe the guidance process that makes up a substantial part of the ABCD’s work.

The presenters structured the webinar around real-life case studies on subjects from conduct to practice. After outlining the procedures by which actuaries can request guidance, Huntington and Riley role-played scenarios and identified specific situations arising under different precepts of the Code of Professional Conduct, such as actual or potential conflicts of interest, what steps you should take if you find mistakes in assumptions after a document has been filed, and what to do if an employer asks you to approve a contract that you think may violate applicable law.

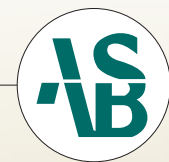
“Nobody is expecting you to be a lawyer, but you are expected to be knowledgeable about applicable laws,” said Huntington.

This webinar was presented by the Academy’s Council on Professionalism and cosponsored by the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the



Conference of Consulting Actuaries, and the Society of Actuaries. To learn more go to <http://www.actuary.org/professionalism-webinars>, where Academy members can review the slides and listen to the recorded webinar free of charge. ▲





## Pension Risk Discussion Draft Issued

**T**HE ACTUARIAL STANDARDS BOARD'S (ASB) Pension Committee has released a discussion draft, [Assessment and Disclosure of Risk Associated With Pension Obligations, Plan Costs, and Plan Contributions](#), for comment. The Pension Committee has been reviewing all of the pension-related standards over the past two years. As part of the larger review project, the committee is working to develop a new standard on the assess-

ment, disclosure, and management of pension risk. The purpose of the discussion draft is to share a portion of that work to collect input from interested parties while the Pension Committee continues drafting a potential exposure draft. Comments can be sent to [discussion@actuary.org](mailto:discussion@actuary.org). While there is no deadline for comments, the Pension Committee would like to receive feedback by Sept. 30, 2012. ▲

## Principle-Based Reserve Discussion Draft Updated

**T**HE ASB'S TASK FORCE on Principle-Based Reserves has updated its [Standards for Principle-Based Reserves for Life Products](#) discussion draft to reflect changes to the National Association of Insurance Commissioners' (NAIC) *Valuation Manual-20*. The task force released the updated draft

to illustrate how an actuarial standard of practice might work in conjunction with a model regulation on principle-based reserving (PBR). Once the NAIC adopts the new principle-based reserving standards, the task force plans to create an exposure draft. ▲

## Academy Voices Concerns About Longevity Annuity and Lump Sum Regulations

**T**WO ACADEMY REPRESENTATIVES spoke at a June 1 hearing hosted by the U.S. Department of the Treasury and the Internal Revenue Service (IRS) on proposed regulations concerning partial lump sum payments from defined benefit (DB) plans and longevity annuity contracts. Treasury officials hope to finalize both regulations, which were issued in February, later this year with effective dates of Jan. 1, 2013.

Don Fuerst, the Academy's senior pension fellow, detailed Academy concerns about the effect of the proposed regulations on qualified longevity annuity contracts (QLACs). The proposed regulations modify minimum distribution regulations to permit the purchase of deeply deferred annuities by excluding the value of the annuity contract from the minimum distribution calculations—provided the contract meets the requirements of the regulation.

A QLAC purchase must not exceed 25 percent of the account value or \$100,000, whichever is less. QLACs could be purchased at any age, and annuity payments could be deferred to as late as age 85. A long deferral period helps keep the purchase price of the contract low. A retiree then could manage the remainder of his or her retirement funds to provide funds prior to age 85 and rely on the QLAC for income after age 85.

The proposed regulations limit death benefits to lifetime income benefits for a spouse or qualified beneficiary. This is insufficient, Fuerst said, because many potential purchasers will want at least a refund of premium death benefit in the event of an early death of the annuitant and potentially the joint annuitant.

Fuerst suggested that a 25 percent safe harbor contribution be added. This would allow individuals to contribute directly to a QLAC without fear that declining balances in the remainder of the account would cause a technical violation of the maximum contribution limitations.

Fuerst detailed two further changes that would help QLACs preserve purchasing power in the event of future inflation. First, the dollar limit should be raised from \$100,000 to \$250,000 to permit the purchase of larger annuity amounts. The maximum amounts under the proposed limit might provide inadequate income if inflation increases. Second, variable QLACs should be permitted with the same restrictions on surrender values and death benefits as fixed QLACs. Variable QLACs would permit retirees to invest annuity units in funds that might keep pace with inflation and preserve purchasing power.

In comments focused on partial lump sum distributions, Ellen Kleinstuber, vice chairperson of the Academy's Pension Committee, pointed out that the IRS' interpretation of the past application of Section 417(e) in the proposed regulations differs from some plan sponsors' interpretation and that there's a wide variety of actual practice in that area. She urged the IRS and Treasury to let the transition rules allow for reasonable interpretations with respect to past practice.

The proposed regulations provide considerable flexibility to accommodate many common situations in which a plan might

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## Health Care Reform Voters' Guide Released

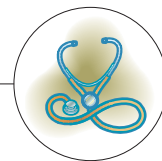
**I**N ITS LATEST CAMPAIGN 2012 voters' guide—[Making Health Care Reform Work: Why Broad Participation Is Necessary](#)—the Academy explains why broad participation in the health system is necessary to avoid higher premiums, especially if insurers are prohibited from denying coverage or charging higher premiums to individuals with higher expected costs due to their health status. The guide, developed by the Health Practice Council's Communications Task Force, describes risk pooling and the effect that adverse selection can have on premiums. It examines provisions in the Affordable Care Act (ACA)—including the individual mandate—that are intended to broaden participation in the health insurance system. It also discusses other potential approaches to induce greater participation. This article went to press prior to the Supreme Court issuing its ruling on the constitutionality of the individual mandate. After the ruling, the voter guide will be reviewed and revised as appropriate.

The guide is the third in a series—following voters' guides on [Medicare](#) and [Social Security](#) released earlier this year—created by the Academy to raise awareness among the voting public of critical actuarial issues.

“The American Academy of Actuaries is trying to promote a substantive debate about entitlement reform by publishing Social Security and Medicare voter guides,” wrote Mark Schoeff Jr. in the June 17 issue of [Investment News](#). “The guides outline the programs' looming financial shortfalls and how they will affect costs for the federal government and recipients.”

The voters' guides are part of the [Academy's Campaign 2012 Toolkits](#) that were developed to help Academy members deliver objective information about key public policy issues to professional and community groups during the election season. Along with the voters' guides, the toolkits also include sample slide decks, notes to assist with crafting public presentations, issue briefs, and other policy statements that can be handed out or used to enhance an actuary's presentation. ▲

### HEALTH NEWS



## ACA Expected to Mitigate Health Plans' Risk

**T**HE ACADEMY'S HEALTH PRACTICE COUNCIL and the Society of Actuaries (SOA) jointly released a [research brief](#) on key findings and policy implications of an SOA study of the risk mitigation programs created by the Affordable Care Act (ACA). The research, conducted by Milliman, looked at the effects of two temporary programs—reinsurance and risk corridors—as well as the permanent risk-adjustment program. The study found that the ACA programs appear to help reduce

financial risks to health plans. The results also suggested that overly restrictive limitations on premium rate increases could lead to high federal risk-corridor payments.

The study findings also were the subject of an Academy/SOA webinar on June 4. Speakers included John Barela, a member of the SOA's Health Actuarial Research Initiative Oversight Group; James O'Connor, principal and consulting actuary at Milliman in Chicago; and Cori Uccello, Academy senior health fellow. ▲

## Comments Submitted to IRS and CMS

“**THE METHODS FOR INCLUDING** non-core benefits in the minimum value (MV) calculations must be considered carefully,” the Actuarial Value Subgroup wrote in its June 11 [comments](#) to the Internal Revenue Service (IRS) on IRS Notice 2012-31, “Minimum Value of an Employer-Sponsored Health Plan.” The subgroup emphasized that actuaries performing MV calculation need to know the degree to which non-core benefits are included in the data underlying the MV calculator. It also offered suggestions for the safe harbor checklists and commented on the treatment of health savings account contributions.

Also on June 11, the Medicaid Work Group submitted [comments](#) to the Centers for Medicare & Medicaid Services (CMS) on a proposed rule regarding payments for Medicaid primary care services. Under the ACA, Medicaid fee-for-service and managed care programs must reimburse primary care providers for these services at rates equal to Medicare's. The work group letter addressed issues relating to actuarial soundness as they pertain to changes in the Medicaid program. The work group suggested various approaches for identifying the increment-to-capitation payments attributable to the increased provider rates. ▲

# Committees Comment on ASOPs

**IN SEPARATE LETTERS** to the Actuarial Standards Board (ASB), the Pension Committee and the Joint Committee on Retiree Health commented on the exposure draft of Actuarial Standard of Practice (ASOP) No. 4, [Measuring Pension Obligations and Determining Pension Plan Costs or Contributions](#), and a second exposure draft of ASOP No. 27, [Selection of Economic Assumptions for Measuring Pension Obligations](#).

The Pension Committee's [comments](#) on ASOP No. 4 addressed market-consistent measures, terminology, disclosure requirements for fully funded plans, future assessments and projections, the requirement to disclose the type of actuarial present value, and the amortization method for the contribution-allocation procedure.

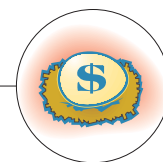
In its [comments](#) on ASOP No. 27, the committee raised concerns about a number of sections, including selecting a reasonable

assumption, measurement-specific considerations, and selecting a discount rate.

The Joint Committee on Retiree Health [comments](#) on ASOP No. 4 focused on the inclusion of "retiree group benefit obligations" in the background section and whether the ASB intends the standard for retiree health under ASOP No. 6, [Measuring Retiree Group Benefit Obligations](#), to be subordinate to the pension obligations under ASOP No. 4.

In its [comments](#) on ASOP No. 27, the joint committee expressed concern that the exclusive use of the word "pension" in numerous instances makes the application of the standard to retiree group benefit practice tenuous. "We encourage the ASB to clarify in this ASOP that mastery of pension practice is not the same as mastery of retiree group benefit practice (or vice versa)," the joint committee wrote. ▲

## PENSION NEWS



## Fuerst Testifies on Disability Risks



**L**ONG-TERM DISABILITY (LTD) is a risk that can be addressed well by insurance, Academy Senior Pension Fellow Don Fuerst [testified](#) at a June 12 hearing on managing disability risks. Speaking to the Employee Retirement Income Security Act (ERISA) Advisory Council on Employee Welfare and Pension Benefit Plans, Fuerst

stated that more needs to be done to encourage American workers to take up LTD coverage so that a serious accident or chronic illness does not consign them to a life of poverty.

The probability of becoming disabled during a working career ranges from 15 to 30 percent, depending on age and gender, and the risk of disability lasting 90 days or longer is greater than the

risk of premature death, Fuerst said. While most people insure against the risk of premature death, disability insurance is much less common.

Even with adequate LTD insurance, the retirement savings for disabled workers are likely to be seriously damaged, Fuerst said.

"When people are disabled and cannot work, they don't just lose their current income; they also lose the ability to save for retirement, as well as other employee benefits, such as employer-sponsored medical benefits," Fuerst explained. "Insurance for loss of earnings typically covers only part of lost income. It doesn't replace retirement savings or cover the additional expenses the disabled worker may face due to greater health care needs."

Premiums for disability insurance cost far less than for health insurance and usually less than for auto or homeowners insurance, Fuerst said. For a small increase in premiums, Fuerst noted, retirement contribution insurance could be added to the typical income replacement coverage. ▲

## Academy Applauds SOA Pension Funding Report

**A**CADEMY PRESIDENT DAVE SANDBERG called a new Society of Actuaries (SOA) report on pension funding stabilization a "valuable contribution of actuarial expertise" in a June 19 Academy news release. With pension funding stabilization legislation under consideration by Congress, the [report](#) by the SOA's Rapid Retirement Research Initiative "illuminates the issues and their implications for the private pension system," Sandberg said.

The report provides a systemwide analysis of how the pension funding stabilization provisions contained in the Senate-passed Moving Ahead for Progress in the 21st Century Act (MAP-21 bill)

would affect funding requirements for the U.S. private single-employer defined benefit pension system. The report examines the short-term implications of provisions, including the deferral of cash contribution requirements, as well as some broader implications of the provisions—such as its effect on the volatility of contribution requirements, the transparency of disclosures, and the solvency of the system.

Academy Senior Pension Fellow Don Fuerst provided input into the research and met with congressional staff on Capitol Hill to discuss the report after its release. ▲

## Actuarial Update

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## Life PBR—Test-Drive the New VM-20 Seminar

Sept. 11–12, Los Angeles

Learn how to apply the new reserving requirements to real-life situations. During this two-day interactive seminar, attendees will have the opportunity to discuss specific components of *Valuation Manual-20* (VM-20) with expert faculty. The seminar will cover:

- Mortality assumption determination;
- Exclusion test application;
- Setting anticipated experience assumptions and margins; and
- Status updates on the *Valuation Manual* and the VM-20 practice note.

[Click here for more information](#)  
or to register.

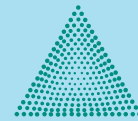
**Register by Aug. 20 and save \$100!**  
**This webinar is jointly sponsored by the  
Academy and the Society of Actuaries.**

## RISK MANAGEMENT AND FINANCIAL REPORTING BRIEFS

- **Edward H. Hui**, an actuary with PricewaterhouseCoopers in New York, has joined the Academy's International Accounting Standards Task Force.

## Summer Reading

The Actuarial Foundation has released the summer 2012 *Financial Smarts*. This short but informative newsletter focuses on long-term care insurance and is full of useful information. Share *Financial Smarts* with your family and friends—and take a copy to your local library!



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## LIFE BRIEFS

- **Ken LaSorella**, an actuary in Fort Myers, Fla., and Joseph Rafson, a senior manager for KPMG in Chicago, have joined the Academy's Life Financial Reporting Committee.
- **Gregg Schneider**, an actuary for HSBC North America in Jersey City, N.J., has joined the Academy's Lifetime Income Joint Task Force.
- **Jaime Mosquera**, a director for New York Life Investment Management in Parsippany, N.J., has joined the Academy's Annuity Reserves Work Group.
- **Michael Dubois**, second vice president and actuary at Massachusetts Mutual Life Insurance Co. in Springfield, has joined the Academy's AG 43/C3 Phase II Work Group.

## IRS Hearing, continued from Page 4

offer a partial annuity combined with a lump sum or other decreasing form of benefit payment. In her remarks, Kleinstuber suggested other common benefit designs that the regulations also should address, as well as areas of the regulations that could be clarified to allow for some of these designs.

For ease of administration, many plans that offer a lump sum as a portion of the accrued benefit require election of a single common form for the full annuity if the partial lump sum option isn't selected. Kleinstuber said that while the proposed regulations might allow for such a design, it's not clear that they do. She suggested that this design be allowed.

Kleinstuber asked Treasury and IRS officials if exemptions provided in the regulations could apply to plans deemed to satisfy Section 417(e) without explicitly applying the required interest and mortality assumptions (primarily cash bal-

ance plans). She suggested that any requirement to apply Section 417(e) to a participant's entire benefit apply only to portions of the benefit payable at the same annuity starting date. Kleinstuber also suggested that "wraparound" plan designs could satisfy the exemption for "single sum with separate election for the remainder" if they meet certain requirements to protect against inappropriate wear-away.

Kleinstuber flagged other variations on the "single sum with separate election for the remainder" category of exemptions that could be allowed to qualify for the exemption from applying Section 417(e) to the entire benefit provided in the regulations. These include a refund of employee contributions, a lump sum subject to a fixed-dollar threshold, a lump sum based on the accrued benefit at a fixed date, and other non-decreasing annuity forms such as installment payments. ▲