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Craig W. Reynolds, FSA, MAAA, President

To: Members of the Pension Finance Task Force

From: Tom Wildsmith, American Academy of Actuaries & Craig Reynolds, Society of Actuaries

CC: Pension Practice Council of the Academy & Pension Section Council of the SOA

Date: August 1, 2016

Subject: Future of the Joint Academy/SOA Pension Finance Task Force

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As many of you are aware, given various recent events, the leaderships for the SOA and the Academy, respectively, have been evaluating the governance and future of the jointly sponsored Pension Finance Task Force (PFTF). Based on both independent and joint discussions we have come to the conclusion that the PFTF will be disbanded in its current form as a jointly sponsored task force.

This decision was not made without significant thought and discussion. Both the SOA and Academy recognize that the PFTF has made valuable contributions to the pension actuarial profession since 2002 when it was formed. During that time, the PFTF has been a consistent and perhaps the most influential voice within the profession in advocating for applying the principles of financial economics to the practice of pension actuaries. Perhaps the most significant and enduring contributions of the PFTF was the development of the "Pension Actuary's Guide to Financial Economics" booklet which was completed in 2006. The PFTF's significant contributions are also reflected in numerous Academy comment letters and issue briefs either authored by the PFTF or influenced by PFTF participation in broader working groups. From an SOA perspective, the PFTF provided valuable contributions such as contributing to numerous research projects and professional development events such as the "Public Pension Plan Finance" call for papers and symposium in 2008/09 and reviewing the FSA retirement exams syllabus and the continued inclusion of the content from the "Guide" in the SOA FSA retirement exam syllabus. Nevertheless, there are several compelling reasons for disbanding the PFTF at this time:

- The governance for this group as a jointly sponsored task force has always been somewhat nebulous and confusing. This was even acknowledged by the PFTF as expressed through the attempt to develop a set of "bylaws" for the group in late 2015.

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- It has become clear that projects that the PFTF would like to complete that may fall primarily under either the SOA's education/research mission or the Academy's public policy focus are becoming increasingly difficult to complete under the joint governance model.
- A task force, by definition, is intended to be a temporary group that performs a specific task and disbands (usually in 1-3 years under typical SOA and Academy governance). While the SOA and Academy acknowledge there is more that can be done related to the mission of the PFTF, attempting to do so in a jointly sponsored task force is no longer an optimal approach forward for the organizations.

On this basis, the SOA and the Academy are disbanding the PFTF effective August 1, 2016. We would like to acknowledge the significant work of PFTF members (both former and current) who have volunteered many hours of service over the years and say thank you for this excellent service.

As a work product of the joint PFTF, the paper, *Financial Economics Principles Applied to Public Pension Plans*, was – like the predecessor paper 10 years ago – intended to be published by the Academy and the SOA as a jointly owned and copyrighted paper. It appears this is no longer feasible, and neither the SOA nor the Academy will be publishing the paper or endorsing it. Because the paper was the work of the joint Task Force, we do not think it would be appropriate for members of the Task Force, as individuals, to take the existing paper and simply publish it somewhere else. We recognize that some of the individuals who have been on the PFTF have their own personal ideas and views on these topics, and the Academy and the SOA encourage those individuals to express those ideas in other forums. But they cannot use the existing paper, with the particular expressions of ideas as developed by the Task Force, as the vehicle to do so.

Finally, both the SOA and the Academy continue to have interest in providing opportunities for PFTF members to contribute their expertise and perspective in the work of our respective organizations. Each organization will communicate separately within their own volunteer groups how that might take shape going forward.

Thank you for your service on the PFTF and to the profession. Any questions about this communication can be directed to the respective officers or senior staff at the SOA and the Academy.

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