# EAR

# ENROLLED ACTUARIES REPORT

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## The Future of Defined Benefit Plans

*Editor's Note: This is excerpted from a keynote speech delivered by Ron Gebhardtsbauer, the Academy's senior pension fellow, at a Dec. 6 Plan Sponsor conference in Washington on the future of defined benefit (DB) plans. The views expressed here are Gebhardtsbauer's and don't necessarily reflect those of the Academy.*


Ron Gebhardtsbauer speaking at a January press briefing

**GOOD AFTERNOON!** I would like to thank Plan Sponsor for inviting me to speak on the future of DB plans. This is an incredibly important topic for employers, employees, and the nation. While the delivery vehicle may be evolving and DB plans may look different in the future, the essential need for retirement security, for a guaranteed lifetime income, remains critically important.

**THIS TOPIC MAY BE EVEN MORE IMPORTANT THAN SOME REALIZE.** The recent elections pointed out that despite improvements in the economy, voters still feel economically insecure. This could be, in part, because it seemed like every week there were reports of another large employer freezing its DB plan. Political analysts have suggested that voters' feelings of insecurity nullified the "good economy"

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## Inside this issue



## Investing Social Security Assets in the Securities Markets

*Editor's Note: The following is the full text of the executive summary of the new Academy issue brief on investing Social Security trust funds in equities.*

THE LONG-TERM SOLVENCY and sustainability of the U.S. Social Security program is a much-debated public policy issue. According to the intermediate projection from the 2006 Trustees Report, program expenses will exceed payroll tax income starting in 2017, and the combined OASDI trust funds will run out of money in 2040. Thereafter, only a portion of the scheduled benefits will be payable from the program's current revenues.

Various policymakers and analysts have proposed changes to the program aiming to improve its long-run solvency. Some of those proposals have tried to mitigate the generally unpopular tax increases or benefit cuts otherwise required to maintain solvency by relying on additional income that could be earned from investing the Social Security assets in the relatively volatile equities markets, rather than in special-issue government bonds, as at present.

Some advocates of investing Social Security assets in the equities markets further claim that such a change would enhance national saving. They argue that investment in Treasury bonds does not constitute real savings, because the government increases other current spending or reduces other current

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# Letter to the Editor

## Profession, Heal Thyself

IN A LETTER TO THE EDITOR printed in the Winter 2006 *EAR*, Larry O'Maley makes the point that actuaries share blame for the crisis in funding defined benefit (DB) plans. Responding to his letter, James Verlautz, chairperson of the Academy's Pension Committee, urged Mr. O'Maley to report unprofessional behavior to the Actuarial Board for Counseling and Discipline (ABCD).

I have experience with the ABCD process in a case in which I was ultimately vindicated in a trial that went to a verdict. I found that my complaints to the ABCD received form letters and, from what I could see, got little real attention. The actuary about whom I complained got off, and I had no further options. I was left frustrated by the process.

My complaint involved an actuary giving such specific bad advice that even a trial court could figure it out. How would the ABCD handle a complaint about a public plan actuary in New Jersey who allows politicians to pick their funding levels? Or union plan actuaries who let plans go bankrupt simply because the shortfall funding method and large credit balances allowed it?

There are actuaries out there who make a good living by telling clients what they want to hear, knowing that the profession will only scorn them if they don't make money off of their opinions. How many more San Diegos, United Airlines, or union pension plans will have to default on their promises before the public turns on us? If your patients keep dying, so will your profession. Just ask a witch doctor.

— JOHN BURY
*Montclair, N.J.*

**Lawrence Johansen, chairperson of the Actuarial Board for Counseling and Discipline, replies on behalf of the ABCD:**

The ABCD Bylaws and Rules of Procedure preclude me from discussing the specifics of particular cases. However, I can describe the ABCD process. While it may not change Mr. Bury's obvious dissatisfaction with the outcome of that process, it should make it clear that the ABCD takes all complaints seriously.

Disposition of a complaint without appointing an investigator is appropriate in many cases, as explained below. Disposition letters that may appear formulaic should not be interpreted as a less than full consideration of the issues by the ABCD.

After the ABCD receives a complaint, the complaint is sent to the actuary named in the complaint, and the actuary is asked to provide sufficient information to allow evaluation of the seriousness and/or validity of the complaint.

After the actuary's response is received, the chairperson and two vice chairpersons of the ABCD evaluate the complaint and response to determine whether they believe there is sufficient likelihood of a material violation of the Code to warrant an investigation. Often the actuary demonstrates that there was not a material violation of the Code. In that case, the chairperson and vice chairpersons, after deliberation, will decide to dismiss the complaint.

If there appears to be a sufficient likelihood of a material violation of the Code, the chairperson and two vice chairpersons will appoint an investigator. The investigator collects additional information from the complainant, the actuary, and other parties involved, and prepares a report summarizing the findings of the investigation. The actuary is then given the opportunity to respond to the investigator's report, challenge any of the findings, and provide additional information in support of his or her position. At this point, the entire ABCD reviews all of the documents and information that have been developed to determine whether it appears that there has been a material violation of the Code. If not, they will vote to dismiss the complaint. If there appears to be a material violation of the Code, the ABCD will vote to schedule a fact-finding hearing at which the investigator and actuary will appear, and the actuary is afforded an opportunity to question the investigator and to present evidence and witnesses. After the hearing, the ABCD, after due deliberation, decides whether a recommendation for discipline is warranted.

The ABCD process, conducted in confi-

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# Meeting Your Audience

YOU KNOW YOU'RE DOING SOMETHING RIGHT when even the wait staff at a press luncheon has questions about the issue you're discussing. It means the message and information you're presenting is clear, concise, interesting, and pertinent to all audiences—not just the media and concerned policymakers.

The Academy's Jan. 18 press briefing to announce the release of the Social Insurance Committee's monograph *Social Security Reform Options* attracted that type of response. The new monograph (available on the Academy's website at www.actuary.org/pdf/socialsecurity/reform_07.pdf) provides a comprehensive and consolidated examination of the program's financial condition as well as the advantages and disadvantages of various reform options. And the timing couldn't have been better.

While Social Security received only a modest mention in President Bush's Jan. 23 State of the Union address, the issue has been debated frequently in the media in the past few months. At the press briefing, Academy Senior Pension Fellow Ron Gebhardtsbauer walked six reporters (and one very interested waiter) through Social Security's financial problems and the policy options outlined in the monograph.

Given the limited time of the briefing, Gebhardtsbauer focused on one individual option in each of the three categories of reform—benefit reductions, tax increases, and increasing investment returns.

In the case of benefit reductions, Gebhardtsbauer reviewed the cumulative impact of price indexing, which effectively reduces benefits by a small amount each year. The end result would be equivalent to raising the retirement age by one year of age every six years.

On the subject of tax increases, he discussed the option of increasing the amount of wages subject to the Social Security tax by approximately 25 percent or by eliminating altogether the cap on the amount of wages that are taxable.

Finally, Gebhardtsbauer spoke on the impact of carving out or adding on an individual account. While the option may provide attractive returns to the worker, it may not help establish sustainable solvency for the Social Security system. At the same time, such a reform may make it easier to reduce benefits in the program because of the potential investment earnings to the individual.

Ron Gebhardtsbauer, left, speaks to a waiter after the press luncheon.

The reporters attending the briefing asked about a wide range of issues, including the impact of immigration on Social Security, the effect of raising the early retirement age in addition to the already gradual increase in normal retirement age, and the likelihood of any action in Congress this year or next.

While the focus of the briefing was the release of the monograph, Gebhardtsbauer took a few moments at the end to talk about the Social Security Game, featured on the Academy's website (www.actuary.org/socsec.asp). By illustrating the arguments for and against each reform, the interactive program allows individuals to try and solve Social Security's problems based on their own comfort level with the various reform options. It also attempts to quantify the percentage of the program's financial problems solved based on each selection of reforms that an individual chooses.

One day after the briefing, 1,000 copies of the new monograph had been downloaded from the Academy's website. That number swelled to 4,746 in the two weeks following the briefing. News of the monograph made it onto a political blog, where the blogger encouraged everyone to read the monograph because the Academy was presenting reform alternatives "that are not politically motivated." And an article on the Social Security Game that ran on CNNMoney.com on the day of the briefing brought approximately 1,500 people to the Academy's website seeking to make Social Security solvent.

Judging by the overwhelming response, from the media (and wait staff) at the briefing to policymakers and the general public afterwards, a valuable educational resource, combined with communications strategy that is well thought out, will achieve any measure of success.

—HEATHER JERBI

advantage of the incumbent party and may have contributed to the climate for change in Congress.

**THERE HAS BEEN A DECLINE IN DB PLANS.** So, let's step back and look at what that means. You've probably seen the statistics from the Department of Labor that show a decline from 40 percent to 20 percent of the private workforce covered by DB plans. And that information is old. Due to recent freezes, less than 20 percent of the private workforce is now accruing a benefit in DB plans. This is the understandable result of a number of things, including:

➜ A perfect storm of falling stock values and interest rates that reminded employers of market risks and increased the minimum contributions to their DB plans;

➜ Temporary fixes to the funding rules over the course of four years that increased uncertainty;

➜ A lack of clarity in the law on cash balance plans.

These issues hurt the reputation of DB plans among top management. For advocates of retirement security, it's been a difficult and depressing six years.

**IT'S A NEW DAY NOW.** We've turned the corner on the three problems I just cited:

➜ The perfect storm is in the past. While some newspapers are still quoting the $450 billion underfunding statistic, the real story is the opposite. The underfunding in S&P 500 pension plans is under $50 billion on an accumulated benefit obligation basis, and the average funding ratio is back up over 100 percent.

➜ The temporary fixes to the funding rules are history. As you all know, Congress finally passed the Pension Protection Act of 2006 (PPA), which includes a permanent fix to the funding rules. (And guess what? They aren't so bad.)

➜ The PPA clarified the legality of cash balance plans going forward, and the 7th U.S. Circuit Court of Appeals has determined that the IBM cash balance plan wasn't age discriminatory. (The retroactive issue is still being litigated elsewhere—let's hope the other appeals courts agree.)

**HOW CAN I SAY THE NEW FUNDING RULES AREN'T SO BAD?** Aren't they more volatile? I don't think so, and the actuaries at Towers Perrin recently agreed in a paper they wrote on the PPA. For example:

➜ In the past, if a plan's funding level dropped below 80 percent, contributions could easily double under the so-called deficit reduction contribution (DRC) rules. Many employers wanted those rules changed, and they were. The new at-risk rules under the PPA still increase contributions if the funding level drops below 80 percent, but they gradually increase the contribution over five years, which is much more sensible.

➜ Plan sponsors can contribute more to the pension plan under the PPA. This gives them the flexibility to put in more money during good times so that plans can get through the difficult times with greater ease.

➜ The PPA makes it easier for plan sponsors to hedge market risk. Under the old DRC rules, actuaries had to smooth the bond discount rates. Under the PPA, we can elect to use current bond rates. We don't have to use two-year smoothing. (Incidentally, the Academy's Pension Committee suggested to Congress that the funding rules allow for smoothing the contribution rather than smoothing the assets and liabilities, but this was too new an idea to be included in the bill. We need to discuss it more so that it would be more acceptable the next time pension funding is addressed.)

**BUT DB PLANS AREN'T OUT OF THE WOODS YET.** Accounting-rule changes going into effect at the end of this year put pension and retiree health plans on the company balance sheet. This will reduce, at least initially, the net worth of many companies that have DB plans—even those with DB plans that are over 100 percent funded—because the old accounting rules built up an artificial asset that will be eliminated. In fact, eliminating this artificial asset could wipe out the net worth of a few large companies, which could be unnerving to investors.

On the other hand, many market analysts and bond rating agencies say this won't change their analysis, because they already know about the problems with the accounting rules. All the market information is already in annual report footnotes, and analysts have been aware of it for years. Nevertheless, it will be interesting to see what happens when the financial statements come out early next year. Will stock prices fall for some companies? Maybe not. Knowledgeable investors know this change is going to happen, and stock prices are still increasing today, so it could turn out to be a nonevent. Companies, however, should probably change the language in their loan covenants and the calculation of employee bonuses (if they haven't done it already).

Could the new rules change anything else? Will they cause sponsors to drop their DB plans to keep their net worth from being volatile? A contrarian view from a Credit Suisse report has suggested that the new rules could actually reduce volatility at many companies.

**ANOTHER ACCOUNTING CHANGE IS ON THE HORIZON THAT WILL AFFECT INCOME STATEMENTS.** Companies with DB plans may see their earnings become more volatile unless they reduce their equity exposure. However, the accounting changes may allow the volatile pieces to be put into a separate bucket so that earnings won't be affected as much. Again, the analysts and bond rating agencies already know everything they need to know from the current footnotes and have been cranking the information into their calculations. So if this isn't new information, will it affect stock prices or a company's ability to borrow? We don't know yet. Many companies in the United Kingdom closed their DB plans to new employees

> Private-sector workers shouldn't envy the good pensions of their public-sector counterparts. Instead, they should go to their employers and fight to retain their DB pension plans.

after similar accounting rule changes were implemented in their country, but that may have occurred for other reasons. In addition, some U.K. companies resolved their concerns by moving to bonds to better manage volatility. Of course, moving to bonds increases the employer's expected pension contribution, so many employers may prefer to switch over to 401(k)s and let the employees take on the risk. In the late 1990s, employees seemed to want that, too, but they may be less enthusiastic today. While I don't think funding and accounting changes will mean the end of DB plans, a bad image hurts.

**THE REAL QUESTION IS WHETHER PROSPECTIVE EMPLOYEES WANT A DB PLAN AND WHETHER THE DB PLAN STILL MAKES SENSE FOR WORKFORCE MANAGEMENT.** A Nov. 12 article in the *New York Times* stated that private-sector workers shouldn't envy the good pensions of their public-sector counterparts. Instead, the article said, they should go to their employers and fight to retain their DB pension plans. Actually, more than two-thirds of the S&P 500 still sponsor DB plans. Traditional DB plans can still make sense, particularly for union and government sponsors, because their workforces are not as mobile. According to a survey of plan sponsors by the financial consulting firm SEI, over 70 percent of union plans will remain DB. Government employees also like the DB promise—when given a chance to switch, less than 5 percent of Florida's government workers chose to leave their DB plan for a defined contribution (DC) plan. Union and government employees still fight for DB benefits, so why don't white-collar employees in the private sector?

**MAYBE IT'S BECAUSE CASH BALANCE PLANS, WHICH CAN MAKE MORE SENSE FOR MOBILE EMPLOYEES, HAVE A BAD REPUTATION.** Perhaps that attitude is changing due to the IBM decision and the language in the PPA. In fact, two major unions have expressed interest in cash balance plans. Many small and medium-size employers have started cash balance plans recently. If smaller employers with cash balance plans can attract new employees, then large employers should find similar success. Certainly, many large employers no longer want the early retirement subsidies in traditional DB plans. Inflexible early retirement provisions don't make sense for employers anymore because they push employees out the door at too young an age. They don't make sense for employees either, because new employees don't know whether they will be able to stay with their employer long enough to get early retirement. Maybe cash balance plans will pick up again. Indexed-pay DB plans with formulas, such as Social Security, should also be explored, since they're very similar to cash balance plans. While employers are concerned about the inflation risk, there may be ways to modify that to make them more acceptable. For example, pay could be indexed up to retirement age at an interest crediting rate found in cash balance plans. (For example, an investment-related rate that approximates average salary increases over time.)

**WILL ADDITIONAL LARGE EMPLOYERS FREEZE THEIR DB PLANS AND SWITCH TO 401(K)S?** Large employers who recently made the switch are learning that freezing their DB plan was not a panacea, especially if they invested in equities. Freezing a DB plan can force a sponsor to sell all its equities and move to 100 percent bonds, because there is little advantage to holding stocks in a frozen plan. Any surplus at termination will be subject to the confiscatory reversion tax (on top of the 35 percent income tax).

In addition, sponsors switching to 401(k)s will find that their employees are making many mistakes at each decision point. Employers won't find it easy to offer dignified retirement to their employees who didn't contribute (which could be as many as 30 percent unless deductions are automatic). Sponsors also will find that their 401(k)s aren't good at helping them maintain a steady workforce. They risk mass retirement of older employees when the stock market does well—a time when a company typically wants to retain employees. When the stock market is down and there isn't enough work, employees will be reluctant to retire because they won't have enough money. Employers will have to resort to layoffs.

**FORTUNATELY, THE PPA HAS SOME GOOD PROVISIONS FOR 401(K)S, MAKING THEM MORE LIKE DB PLANS.** These include automatic provisions for enrollment, larger contributions, and life-cycle investments. These rules are particularly important for workers who don't have a DB plan, but they don't mimic all the advantages of a DB plan. For example, I don't know if it will ever be possible to get employees to buy annuities with their 401(k) balances, so there will be many retirees running out of money in their 80s.

**HAVING BOTH DB AND DC ELEMENTS IS ESSENTIAL FOR BOTH EMPLOYERS AND EMPLOYEES.** New types of hybrid plans that combine both elements, through the new DB-K rules, may also lead to interesting ideas that we haven't thought about yet. For example, a DB-K type plan that has both 401(k) and DB elements could solve the problem of outliving one's income by including a guaranteed lifetime pension starting at age 80. With this type of hybrid plan, retirees would have a better chance of making sure their 401(k) money lasts until they're age 80, at which time the pension would begin. The DB portion could become the longevity insurance it was originally meant to be. The plan also could include the purchase of long-term care insurance at group rates. There needs to be some flexibility in the existing law to accommodate these ideas, and they're starting to be discussed on Capitol Hill.

**THERE ARE OTHER FIXES IN PENSION LAW THAT STILL NEED TO BE MADE.** For example, while the PPA allows employers to contribute more in good years, employers say they won't put any more money into the plan than required because of the reversion tax. PPA could have fixed this problem by allowing pension surpluses to be used for other employee benefits, such as the employee health plan. The United Auto Workers testified in favor of it, and the AFL-CIO and employers' groups also were supportive. Even employee advocates figured out a way to address the issue with a side fund that collected contributions in excess of the minimum. However, the idea didn't get into PPA. This is one of the most important fixes needed to make DB plans viable.

**THERE'S ANOTHER IMPORTANT FIX FOR OUR TAX LAWS.** Taxes heavily influence our decisions, particularly an employer's decision to provide a retirement plan. When Congress reduced the capital gains and dividend tax rates to 15 percent, it removed more than half of the tax advantages for employers maintaining retirement plans (DB and DC). These tax advantages compensated employers for sponsoring a retirement plan, jumping through all the regulatory hoops, and subjecting themselves to much litigation. When the tax advantage is reduced, it forces some employers to rethink their decision to sponsor a plan. The 15 percent tax rate goes back up in a few years. If Congress considers reducing it again, it should also consider giving that same tax rate to DB and DC distributions since they compete for the same money. In fact, the law could encourage lifetime security by giving the tax break only to lifetime incomes, not lump sums. If the government gives this additional tax break, it would help the country avoid having many older retirees run out of money 20 years from now.

**FINALLY, WE NEED REASONS FOR TOP MANAGEMENT TO CARE MORE ABOUT EMPLOYEE PLANS.** PPA took a step in this direction by prohibiting the funding of a non-qualified plan (for management) if the employee plan was poorly funded. Unfortunately, this provision could have the unintended consequence of encouraging employers to terminate a DB plan to avoid the funding restriction. A solution would be to require the non-qualified plan to mirror or mimic the employee plan. If the employees don't have a DB plan, then neither does top management. If employees get a 401(k) plan, then that is what top management would have. This might serve to focus management's attention on the retirement options they're providing to their employees.

**IN SUMMARY, ARE DB PLANS GOING TO DIE OR ARE THEY COMING BACK?** I challenge this conference not to fall into the trap of saying that DB plans are on their way out due to the funding and accounting rules. They can survive those changes. Instead of looking back and projecting a disheartening trend, let's discuss what elements in DB plans are valuable and won't easily be obtained elsewhere, such as flexibility, guarantees, and pooling elements. These are valuable not only for employees but also for employers and the nation.

## Supreme Court Lets IBM Decision Stand

ON JAN. 16, THE U.S. SUPREME COURT declined to hear *Cooper v. IBM Pension Plan and IBM Corp.*, effectively upholding the 7th U.S. Circuit Court of Appeals' ruling that cash balance plans aren't age discriminatory. The court's decision may be seen as clarifying the legality of the transition from traditional defined benefit (DB) plans to cash balance plans.

The passage of the Pension Protection Act of 2006 provided prospective clarity on the legal status of cash balance plans. However, the Supreme Court's action could address the concerns of companies that switched to cash balance plans before the effective date of the new legislation.

While the Cooper v. IBM case has claimed much of the attention, there are other cases still being addressed through various courts. In an Oct. 30 ruling, U.S. District Judge Harold Baer Jr. found cash balance plans to be age discriminatory. In his ruling in *In Re J.P. Morgan Chase Cash Balance Litigation* in New York's Southern District, Baer wrote that cash balance plans combine elements of both DB and defined contribution plans and that the "definition of the phrase 'rate of an employee's benefit accrual,' used only in the age-discrimination provision for defined benefit plans (ERISA Sec. 204(b)(1)(H)(i)), is central to this analysis." This was the first case to go against employers since the appellate court ruled in the IBM case. The J.P. Morgan ruling will lead to consideration by the 2nd U.S. Circuit Court of Appeals.

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taxes in the amount of these "excess" Social Security tax receipts. By contrast, they claim that the government would not be able to spend the excess payroll taxes on other projects so easily if the funds were invested in the equity and corporate bond markets.

Policymakers who favor investing Social Security assets in the securities markets have followed two major approaches. Some have proposed altering the program by establishing individual defined contribution accounts as a part of the benefit/tax structure; others favor maintaining the current defined benefit structure while investing some of the trust funds in the securities markets. While the two approaches may differ greatly in benefit design and account management, the effects of changing investment policy on the rest of government finances and the economy are similar. Before sanctioning the investment of assets in the securities markets, either under the individual account approach or the trust fund investment approach, policymakers will need to address many issues.

### Policy Questions

Policymakers will need to address the following questions before sanctioning the investment of Social Security assets in the securities markets:

- How much uncertainty in the system's future financial position, or in future benefits, would be associated with the higher expected returns? How would the risk be managed? Who would absorb the cost of lower-than-expected returns?
- What will be the impact on the national economy and capital markets if Social Security is directed by law to invest some of its assets in the securities markets?
- What will be the effect on the rest of the government's finances if Social Security reduces its investment in government bonds?
- What will be the effect when the program must liquidate part of its portfolio?
- How will the Social Security investments in the private sector be structured and managed to avoid undue political influence?
- Should Social Security assets be invested partially in non-U.S. securities?
- How will the issues of proxy voting and corporate governance be addressed?
- How will the general public and the government react and respond to short-term and long-term gains and losses in equity holdings that will inevitably occur?

## LETTER RESPONSE, FROM PAGE 2

dence, provides the actuary against whom a complaint has been filed with several opportunities to tell his or her side of the story and present as much information (including statements from witnesses, if appropriate) as is necessary for the ABCD to make an informed decision. The ABCD Rules of Procedure are available on the ABCD web-site at www.abcdboard.org. A complaining actuary may not agree with an ABCD decision, but because of the confidential nature of the ABCD procedure, that actuary does not have access to all the information available to the ABCD.

Your letter implies that you have knowledge "*...of an apparent, unresolved, material violation of the Code by another Actuary...*" If so, Precept 13 of the Code obliges you to take certain actions. It reads as follows:

***Precept 13.*** *An Actuary with knowledge of an apparent, unresolved, material violation of the Code by another actuary should consider discussing the situation with the actuary and attempt to resolve the apparent violation. If such discussion is not attempted or is not successful, the actuary shall disclose such violation to the appropriate counseling and discipline body of the profession, except where the disclosure would be contrary to law or would divulge confidential information.*

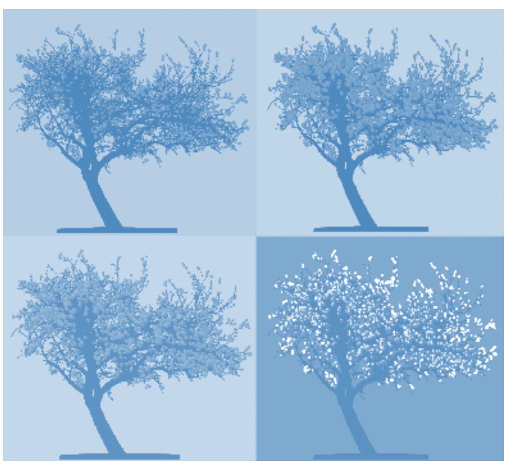
***Annotation 13-1.*** *A violation of the Code is deemed to be material if it is important or affects the outcome of a situation, as opposed to a violation that is trivial, does not affect the outcome, or is one merely of form.*

***Annotation 13-2.*** *An actuary is not expected to discuss an apparent, unresolved, material violation of the Code with the other actuary if either actuary is prohibited by law from doing so or is acting in an adversarial environment involving the other actuary*

In summary, the ABCD is very serious about its deliberations regarding all cases it considers and believes that the resolution of its cases to date has resulted in an appropriate balance between dismissal, recommending that disciplinary action be taken against actuaries who truly deserve it, and encouraging actuaries to engage in appropriate practices without unduly penalizing them for minor mistakes and/or oversights.

# 2007 Enrolled Actuaries Meeting

THE ACADEMY and the Conference of Consulting Actuaries will host the 32nd annual Enrolled Actuaries Meeting, March 25-28, at the Marriott Wardman Park Hotel in Washington. The program features sessions in several formats, covering a wide range of topics and issues relevant to enrolled actuaries and other pension professionals, including up-to-date information on the Pension Protection Act of 2006. The meeting also hosts an exhibit of products and services geared to enrolled actuaries. There's still time to register. For more information, go to www.enrolledactuaries.org.



ACADEMY
SPRING
MEETING
2007

March 28, 2007

Marriott
Wardman Park Hotel

Washington, D.C.

**If you are coming to Washington for the 2007 Enrolled Actuaries Meeting, why not plan on extending your stay to take advantage of the Academy's 2007 Spring Meeting?**

THE ACADEMY MEETING is conveniently scheduled to coincide with the conclusion of the Enrolled Actuaries Meeting and will be held at the same location. Highlights of the Academy meeting include:

- A keynote speech by Peter Orszag, the new director of the Congressional Budget Office. Most recently a senior fellow and deputy director of economic studies at the Brookings Institution, Orszag is a former special assistant to President Clinton for economic policy. He will be speaking about the federal budget and how it affects retirement, pension, health, insurance, and economic issues.
- A general session on actuarial standards, conducted by members of the Actuarial Standards Board.
- The annual Academy Washington Luncheon, featuring the presentation of the 2007 Robert J. Myers Award for Public Service.

**For more information and to register, go to www.actuary.org/springmeeting/index.asp.**