Since the last BOD/Executive Committee meeting, members of the Pension Practice Council (PPC) have been actively involved in:

- Responding to requests for information from congressional staff on issues regarding pension funding reform legislation.
- Analyzing current funding rules and developing alternatives that would alleviate the current funding crisis for defined benefit pension plans.
- Responding to media inquiries on retirement plans and legislative proposals.

Strategic changes:
- The PPC discussed and developed a procedure to proactively defend the practice of actuaries in the media when reporters inaccurately portray the profession’s practices.

### Completed Projects

**December 2005**
- Letter to the editor of the Financial Times correcting article addressing the role of actuaries in pension accounting

**November 2005**
- Comment letter to GAO regarding their report on cash balance plans (Pension Committee)
- Pension funding reform analysis: multiemployer plans (Multiemployer Plans Task Force)
- Pension funding reform analysis: single-employer plans (Pension Committee)

**October 2005**
- Revised letter on Circular 230 (Pension Committee)
- Updated issue brief, *Social Security Benefits: Changes to the Benefit Formula and Taxation* (Social Insurance Committee)

**August 2005**
- Testimony before the IRS on relative value regulations (Don Segal)
- Testimony before the IRS on proposed 415 regulations (Ethan Kra)
- Comment letter to IRS on 415 proposed regulations (Pension Committee)
- Comment letter to FASB regarding SEC staff report on off-balance sheet entities (Pension Accounting Committee)
- Comment letter to Congress regarding a technical correction to HR 2830 on 2006 quarterly contributions (Pension Committee)

### Ongoing Projects

- Document on specific industry relief in pension funding reform legislation and its effect on the PBGC (Pension Committee)
- Handbook for actuaries on financial economics (Financial Economics and the Actuarial Model Joint Task Force)
- Comment on the Tax Reform Commission’s proposal regarding LSA/RSAs (Pension Committee)
- Practice notes on mortality assumptions and on demographic assumptions (Pension Committee)
- Document on the value of defined benefit plans (Pension Committee)
- Comment letter to the IRS regarding their annual business plan (Pension Committee)
- Issue brief on cash balance plan conversions (Pension Committee)
- Issue brief on ABO versus PBO (Pension Accounting Committee)
- Issue brief/background on lump sums versus annuities (Pension Committee)
- Issue brief on transparency (Pension Accounting Committee)
- Practice note on stock option valuations (Stock Options Task Force)
- Issue brief on longevity and retirement policy (Retirement Security Principles Task Force)
- Fact sheet on retirement age issues (Pension Committee)
- Update issue brief on trust fund investments (Social Insurance Committee)
- Issue brief on expected return on individual account investments (Social Insurance Committee)
Future Initiatives

▪ Joint SOA/AAA project on experience analysis for stock options

External Relations

▪ Ron Gebhardtbsbauer, Don Segal, Larry Sher and Heather Jerbi met with representatives of the GAO to discuss their report on cash balance plans. (Tentative – January)
▪ Ron Gebhardtbsbauer, Eric Klieber, Ken Buffin, Bruce Schobel and Heather Jerbi met with members of the French Pensions Advisory Council to discuss forecast methods/models (January 2006)
▪ Ron Gebhardtbsbauer, Don Segal, and Heather Jerbi met with Senate HELP staff to discuss aspects of pension funding reform (January 2006)
▪ Ron Gebhardtbsbauer, Don Segal, and Ethan Kra met with Senate Finance staff to discuss aspects of pension funding reform (December 2005)
▪ Ron Gebhardtbsbauer and Ethan Kra met with Treasury officials to discuss pension funding reform (November 2005)

Speaking Engagements

▪ Southeastern Actuaries Conference (Nov. 17, 2005 - Charlotte, NC) Social Security and pension reform - Ron Gebhardtbsbauer
▪ Tri-state Actuaries Club of Indiana, Kentucky, Ohio (Sept. 14, 2005 – Indianapolis, IN) – John Parks (Keynote speaker)

Media Placements (highlights)
September/October/November 2005

▪ NPR – Ron Gebhardtbsbauer interviewed on PBGC financial condition
▪ USA Today – Ron Gebhardtbsbauer interviewed on demographic changes and retirement planning
▪ CNN.com – Ron Gebhardtbsbauer interviewed on increasing life spans
▪ Pensions and Investments – Ron Gebhardtbsbauer interviewed on DB funding reform legislation
▪ Cincinnati Enquirer – Don Segal interviewed on employee oversight of DB plans

Meetings

▪ The Practice Council and Pension Committee met on November 6-7 in Portland, OR. The next meeting of both groups will be in conjunction with our annual Hill visits on February 26-28.
▪ The Pension Accounting Committee met on September 15 in Chicago.
▪ The Social Insurance Committee met on January 24 in Washington, DC.
▪ The Joint AAA/SAO Financial Economics Task Force met on November 16.

People Issues

New Committee Members
Jim Verlautz (Mercer) is the new chairperson of the Pension Committee, and Chet Andrzejewski (Aon) is the new vice chairperson.

Sarah Wright (CCA Strategies) and Mike Pollack (Towers Perrin) have joined the Pension Committee.

Jeremy Gold (Jeremy Gold Pensions) is the new chairperson for the Joint AAA/SAO Financial Economics and the Actuarial Model Task Force. He has also joined the Pension Practice Council.

Jack McArthur (Aon) has joined the Stock Options Task Force.

Tonya Manning (Aon) has joined the Pension Accounting Committee.

Tom Miano (CCA Strategies) has joined the Pension Accounting Committee.

Board of Directors/Executive Committee Attention
None
**Senior Pension Fellow Activities**

**January 2006 to date**
- Met with Senator Clinton’s staff on effects of Pension Accounting Reform (plus preparatory discussions with people on Pension Accounting Committee)
- On PBS’s Nightly Business Report on Pension Reform
- Participate at BEA meeting on collecting pension data for their National Accounts of assets & liabilities
- Discussion with Paul Boyle, UK Pension Regulator

**December 2005**
- Met with Mark Warshawsky, Assistant Secretary of Treasury on Pension Reform
- On BBC regarding global pension issues
- Many reporters calls
- Meeting with Senate Finance staff to discuss Pension Reform (with Ethan Kra, Don Segal, & Heather Jerbi)
- Helped draft paper on pension relief to airlines

**November 2005**
- Attended Brookings meeting on the new Tax Reform Panel’s proposals and had conversations with speakers
- Participated in “Conversations on Coverage” DB meeting with other Benefits people in DC
- Participated in Pension Practice Council and Pension Committee meetings in Portland, OR
- Attended OECD presentation on pension issues around the world and had discussions with the speaker
- Participated in discussions on how to respond to GAO report on Cash Balance plans and helped write letter to them
- Participated in call and discussions on IAA Oversight issues
- Attended SOA Annual meeting in NYC, including their Board meeting and several Financial Economics sessions
- Gave talk on Social Security reform at Southeast Actuaries Club
- Various meetings & discussions on Pension Reform with people on the Hill and pension advocates in DC

**October 2005**
- Updating SOA Study Note on Pension Plan Terminations with help from Eric Freden, Harold Ashner, and Ed Utyro
- Participated in Social Insurance Committee meeting and PPC conference call
- Revised Individual Account projection program to reflect Life Cycle investing
- Moderated session on Pension Funding Reform at Academy Annual Meeting with Portia Wu and Stacey Dion
- Video Interview for Actuarial Foundation
- Led discussion on “Tax Advantages for Annuities” at Federal Agenda TF meeting
- Lunch with AFL-CIO Pension staff person
- Attended 2 programs on how to deal with Airline pension problems, and suggested giving PBGC a tool to avoid Distress & Involuntary Terminations, which would keep the sponsor responsible
- Participated in ABA conference call on Pension Issues, particularly the pension reform bill
- Gave 2 talks at CCA Annual meeting on Pension Reform and PBGC Issues
- Emails, emails, emails …

**Key Issues/Priorities for 2006**

During their 2005 fall planning discussions, members of the Pension Practice Council identified the following key issues/priorities to guide their efforts in 2006:

- Revitalize defined benefit pension plans as part of strengthening of private retirement systems.
- Address the funding and financial reporting of defined benefit pension plans.
- Advocate the continuous advancement of pension actuarial practice.
- Address tax reform.
- Advance retirement income security policy.