



SOCIETY OF ACTUARIES

Article from:

Pension Section News

September 2013 – Issue 81

CHAIRPERSON'S CORNER

By Faisal Siddiqi

Being the chairperson of the SOA Pension Section goes by very quickly! It seems not that long ago in Atlanta last October that I started my term and by the time our section members read this article, my term will be almost complete. Thank you very much to my fellow council members for a fun year organizing meetings and webcasts, producing podcasts, brainstorming on future activities to support our section membership, and continuing to work on leading edge pension-research. To our section membership, I would like you to know that your council members are very thoughtful people who work very hard on your behalf and we are always striving to improve the services you need to help you succeed in your professional actuarial careers through continuing education and research.

In this article, I would like to discuss the Pension Section Council elections and highlight the initiatives we are pursuing that my successor, Azita Bassiji, will lead going forward. As usual, you will also find very informative articles in this edition of the *Pension Section News* from Anna Rappaport (celebrating 50 years as an FSA...amazing!), Martin McCaulay, Andy Peterson, Thomas Lowman, Jeremy Burke, Robert Brown, Bruce Schobel, and Steven Siegel.

RUNNING FOR PENSION SECTION COUNCIL

This year's Pension Section Council candidates are (in alphabetical order by last name): Carol Bogosian, Julie Curtis, Grace Lattyak, and Larry Pollack. All four are highly-accomplished pension-professionals who have many years of experience working with defined benefit plans, defined contribution plans, dealing with funding, accounting, administration, and new developments in the pension arena. They all come from varied areas of pension work: large consulting firms, corporate work, investment work, and individual consulting firms. I'm sure that regardless who wins this year, they will also make important contributions to our council going forward and I thank them in advance.

What is unique about these individuals is that they stepped forward and have decided to help lead our section. If you have thought about running for the council, I encourage you to take the next step and let the Society of Actuaries know. Most of us who are on the council started by joining one of the three teams that do the lion's share of the work: Continuing Education, Communication, and Research. After getting a taste for this level of volunteering, we moved on to run for the council. I think it is a very rewarding feeling and the time you invest in volunteering will pay off in spades afterwards in making new friends and contacts in actuarial and non-actuarial disciplines; increasing your knowledge on various pension topics by writing articles, giving a webcast, or contributing to a research paper; and from participating and leading teams. Finally, "just giving back" feels good too.



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I wish much success to our candidates this year and remind our section members that if they feel like volunteering in the future, there will be many opportunities to do so.

FUTURE INITIATIVES

As mentioned in my previous chair articles, the Pension Section Council has been busy developing new ideas for future projects and bringing to life ideas that were put forth during 2011/2012. Some of the ideas we continue to work on are as follows:

- *Investment for Pension Actuaries:* there is a small sub-group of council members who are working to create a reference guide so that current pension actuaries who are interested to pursue an investment line of work in the future or improve their investment knowledge will know what topics to study and which references support these topics. We hope to open up new job opportunities for pension actuaries and, at the same time, raise the knowledge level of interested pension actuaries. Additionally, another group is organizing the “Investment Boot Camp” at the 2013 SOA Annual meeting. It will be a four-session embedded seminar to educate pension actuaries on fixed income products, equities, and how to use these asset classes to better manage pension risks. Take a look at the annual meeting web page for more details.
- *Mortality and Longevity Education:* there is a group of actuaries also putting together a “toolkit” for pension actuaries: information in a PowerPoint format you need to know. Also being built is a “longevity calculator” which will help individuals and couples understand how long they will live or both live and help to plan their finances accordingly. Finally, we have put out an RFP to build a reference for pension actuaries which involves consolidating and presenting in cohesive manner the current thinking on mortality. This will help actuaries set mortality assumptions going forward.
- *Socializing Research:* there has been a lot of research conducted by the Pension Section but I suspect most members in the SOA do not know about it. I certainly did not know much of it when I joined the council and many existing research topics can be used in our regular day to day consulting work. To address this problem, we have organized a group whose sole task is to raise the awareness of this research and make it accessible to our section membership. Look for more information this fall.
- *Benefit Adequacy:* there has been much talk about what the right retirement age should be and what individuals will need in retirement. There has also been much talk about the sustainability, efficiency, and governance of public and private sector pension plans. As a council, we feel there are a lot of

inter-relationships amongst these topics. You may have seen some of our webcasts on benefit adequacy or replacement ratios. You may have also read the research we have already prepared on these topics. Going forward, we will be pursuing a detailed review of these topics and providing further research and continuing education.

- *Improving Retirement Plan Design*: many of you will remember the excellent work prepared as part of the *Retirement 20/20* initiative a couple of years back. Four award winning papers providing new designs for pension plans. There have been a number of changes since then: interest rates have continued to drop, there is renewed interest in the advantages of defined benefit pension plans, defined contribution investment choices have expanded and become more user-friendly, investment markets have gone up and down a number of times causing many of the strengths and weaknesses of defined benefit and defined contribution plans to become apparent, and the pension risk management approaches of both companies and consultants have become more refined as we look for ways to provide pension benefits to plan members. As a result of all these upheavals, we feel it is time to take another look at retirement plan design and consider what will be the features of the tomorrow's retirement plans. Look for research and continuing education on this topic as well.

This is actually a very exciting and interesting time to be in the pension field, where the work we do today will shape the pension landscape for years to come. I hope you will consider participating and putting forth your ideas. Thank you. ■