



AMERICAN ACADEMY  
of ACTUARIES

# NEWS RELEASE

**FOR IMMEDIATE RELEASE**  
October 17, 2014

**Contact:** Keith Jones  
**Phone:** 202.785.7885  
**Email:** [jones@actuary.org](mailto:jones@actuary.org)

## **American Academy of Actuaries Issues Discipline Notice**

**WASHINGTON**—The American Academy of Actuaries announced that the following discipline action became effective on October 17, 2014.

### **Notice of Public Discipline**

The American Academy of Actuaries (“Academy”), acting in accordance with its *Bylaws*, has reviewed the findings from the Actuarial Board for Counseling and Discipline (“ABCD”) and a decision by a Disciplinary Panel of the Joint Discipline Council regarding Theodore F. Andersen, MAAA, MSPA, EA. The Academy hereby publicly reprimands Mr. Andersen for materially failing to comply with Precepts 1 and 12 of the *Code of Professional Conduct*.

Mr. Andersen materially violated Precept 1 of the Code of Professional Conduct by failing to perform professional services with skill and care when he advised his client to transfer assets from a defined benefit plan to a profit sharing plan. This transfer violated the terms of the plan and the Internal Revenue Code and associated regulations. It is fundamental to tax-qualified defined benefit plans that a participant’s interest may be available only if the employee (a) terminates employment; (b) attains the earlier of the Normal Retirement Age under the plan or age 62; (c) becomes disabled; (d) dies; or (e) the plan terminates. Mr. Andersen confirmed that none of these events occurred at the time of the transfer. Mr. Andersen advised his client to transfer the assets because he thought the plan would be terminated. There is nothing in the law that would allow a “transfer” of assets

and liabilities from a defined benefit plan to a defined contribution plan. Also, nothing in the law or in the provisions of the plan would allow a “direct rollover” to occur in anticipation of the plan’s termination.

Mr. Andersen also failed to perform professional services with skill and care when he knowingly or negligently certified material information that was false in a 2010 defined benefit plan valuation report, a 2011 defined benefit plan valuation report, a 2010 Schedule SB attached to an IRS Form 5500, and a 2011 Schedule SB attached to an IRS Form 5500.

Mr. Andersen materially violated Precept 12 when he wrongfully made use of the membership designation of the Academy for seven years. Mr. Andersen stopped paying his membership dues to the Academy in 2006. Consequently, Mr. Andersen was removed from the Academy’s membership rolls in 2006. Despite losing his membership status, Mr. Andersen continued to represent himself as an Academy member by using the MAAA designation after his name on his website and in other contexts. After this was brought to Mr. Andersen’s attention by the ABCD, he applied for reinstatement and was reinstated by the Academy on January 9, 2014. Mr. Andersen’s wrongful use occurred because of a careless disregard for administrative details and inattention to membership responsibilities.

Based upon the foregoing, Mr. Andersen is publicly reprimanded.

For more information, please contact Keith Jones, general counsel and director of professionalism for the American Academy of Actuaries, at 202.785.7885. For more information on the American Academy of Actuaries, please visit [www.actuary.org](http://www.actuary.org).

###

The American Academy of Actuaries is an 18,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.