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EAR ENROLLED ACTUARIES REPORT

PENSION FUNDING REFORM

Editor's Note: The following is the executive summary of a new discussion paper for policy-makers to be published this spring by the Pension Committee of the Academy's Pension Practice Council.

THE ECONOMIC CHALLENGES OF THE PAST FOUR YEARS have tested U.S. pension funding rules like no other time since the funding rules were enacted. The unprecedented severe combination of declining interest rates and equity values increased liabilities and decreased asset values simultaneously — cutting funding ratios almost in half between 2000 and 2003.

Different constituencies are unhappy with the pension funding rules, and most would agree that the current rules are unnecessarily complex and lacking in transparency.

- Employers assert that the rules create volatile contribution requirements that are counter to their business cycles and that unpredictable results make it difficult to plan ahead.
- The Pension Benefit Guaranty Corporation (PBGC) is concerned about its dramatically increased deficit and the funding rules that allow sponsors of underfunded plans to completely offset contributions by a credit balance and not be subject to additional variable PBGC premiums.
- Participants with large benefits were surprised at how poorly funded their plans were, and how much their benefits were reduced when their employers went bankrupt and the PBGC took over their plans.

The American Academy of Actuaries' Pension Committee has identified several principles that any revision of pension funding rules should meet. The primary objective of pension funding is solvency. Participants and the PBGC are benefited by well-funded pension plans. Recent proposals by both the Bush administration and Congress recognize that satisfying each of the principles the committee has defined is a balancing act. Members of the committee do not want insolvent plans, nor do they want to eliminate defined benefit (DB) plans by an overburdensome solution. Employees could easily be hurt more by a freeze or termination of a DB pension plan than by occasions of insolvency. In addition, PBGC's deficit will be difficult to eliminate if healthy employers drop their pension plans and

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EAR ENROLLED ACTUARIES REPORT

The *Enrolled Actuaries Report* is a quarterly publication of the American Academy of Actuaries (www.actuary.org).

Highlights of Proposed FY 2005 Budget

INCLUDED IN THE BUSH administration's FY 2005 budget released on Feb. 2 are proposals designed to increase retirement savings, protect older workers in cash balance plan conversions, and provide a more adequate interest rate for the purposes of defined benefit plan funding. However, because this is an election year, action is unlikely.

Retirement Savings Initiatives

Retirement savings initiatives in the proposed budget include three previously floated concepts and one new one. Retirement savings accounts (RSAs), lifetime savings accounts (LSAs), and employer retirement savings accounts (ERSAs) were first introduced by the Bush administration last year. In its 2005 bud-

BONOTOM STUDIO

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PBGC Annual Report

The PBGC's single-employer insurance program suffered a net loss of $7.6 billion in fiscal year 2003, causing its fiscal year-end deficit to balloon to $11.2 billion — three times larger than any previously recorded deficit — according to the agency's 2003 annual report.

THE TWO BIGGEST FACTORS in the net loss were a $5.4 billion loss from completed and probable pension plan terminations and a $4.3 billion loss due to declining interest rates. Partially offsetting the losses were premium income of $948 million and investment income of $3.3 billion. Overall, including the assets of terminated plans for which PBGC took responsibility during the year, the program had $34.0 billion in assets to cover $45.3 billion in liabilities.

The 2003 annual report also estimates that the amount of unfunded vested benefits in pension plans sponsored by financially weak employers — known as reasonably possible exposure — is $85.5 billion, nearly 2½ times higher than the previous year's estimate of $35.4 billion. Two industries, air transportation at $23.4 billion and primary metals and fabricated metal products at $10.2 billion, account for nearly 40 percent of the total.

According to the report, the PBGC's separate insurance program for multiemployer plans sustained a net loss of $419 million in fiscal year 2003, resulting in a deficit of $261 million. This was the first deficit in the multiemployer program in more than 20 years. The sharp reversal in the program's financial condition is due largely to a decline in interest rates and the recording of new probable losses for plans that are projected to become insolvent.

Other findings in the 2003 annual report:

- The PBGC became trustee of 152 pension plans covering 206,000 participants, up from 144 plans and 187,000 participants the year before.
- The total number of participants owed or receiving benefits from the PBGC, including participants in multiemployer plans receiving financial assistance, rose to 934,000 from 783,000.
- The PBGC paid $2.5 billion in benefits, nearly $1.0 billion more than in 2002.
- Premium income rose to $973 million from $812 million the year before.
- PBGC's total return on invested assets was a positive 10.3 percent in 2003, compared with 2.1 percent in 2002.

To read the full report, go to **www.pbgc.gov/publications/annrpt/03annrpt.pdf.**

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HILL VISITS

From left, Ron Gebhardtsbauer, the Academy's senior pension fellow, Ken Kent, Academy vice president for pension issues and chairperson of the Pension Practice Council, Don Segal, vice chairperson of the Pension Practice Council, and Christine Mahoney, vice chairperson of the Pension Committee, pause before meeting with Charles Blahous, special assistant to the president for economic policy. They were among 15 members of the Pension Committee who visited congressional offices, regulatory agencies, and administration staff on Feb. 23.

N.C. Bar Withdraws Action Against EAs

THE NORTH CAROLINA BAR ASSOCIATION recently decided not to pursue action against several employee benefit plan service firms that it had earlier claimed were illegally practicing law in the state when they advised clients on ERISA-qualified plans.

Last fall, the bar association issued cease-and-desist letters to the firms, contending that their advice to clients on ERISA-qualified plans constituted the unauthorized practice of law. Both the Academy and ASPA submitted letters in support of the firms, arguing that ERISA pre-empts state law definitions of the practice of law and that EAs and other individuals licensed by the federal government to practice under ERISA should be permitted to do so without interference from the local bar association. The Academy's letter emphasized EA professionalism and the strict standards governing EAs in their practice.

Following a hearing on the matter, the bar association issued letters to the employee benefit firms, indicating that it would take no further action to prevent them from providing professional services to clients. Agreeing with the Academy's position, the bar acknowledged that while ERISA practice might otherwise be considered the practice of law, ERISA specifically authorizes EAs and others licensed by the federal government to practice, thereby effectively pre-empting North Carolina's unauthorized practice laws.

In briefly explaining its decision not to act against the firms, however, the bar stressed that only an EA or other licensed non-attorney could lawfully provide professional services to ERISA-qualified employee benefit plans. The bar stated that it continued to consider the offering of advice, counsel, or specific recommendations to plan sponsors and trustees, as well as the drafting of plan documents, to be the practice of law. However, the bar acknowledged that if those activities were to be performed by individuals authorized to practice before the IRS, state laws (including unauthorized practice laws) would to that extent be pre-empted.

The bar also emphasized that non-lawyers authorized to practice before the IRS would need to act diligently to ensure that only they or North Carolina attorneys were performing the services at issue. The bar indicated it would not be sufficient for a firm providing such services to have an EA or other licensed individual on its staff. Rather, the EA or other authorized practitioner would need to be actively involved in performing or overseeing the professional services authorized under ERISA. In the absence of such active participation or supervision by a licensed professional, the bar suggested, a firm would risk engaging in the unauthorized practice of law if it provided professional services to employee benefit plans in the state.

The case, which was closely monitored by other bar associations around the country, broadly affirmed the right of EAs to provide employee benefit plan services to their clients and employers. However, pension actuaries who are not licensed as EAs could face unauthorized-practice-of-law claims in North Carolina unless they worked closely with an EA, and other licensed ERISA professionals, or a North Carolina attorney. The bar also puts EAs on notice that they must actively participate in work performed for their clients and employers and not simply rely on other non-licensed individuals to perform those services without proper supervision.

—Lauren Bloom, Academy general counsel

stop paying premiums to the PBGC. Thus, as typically happens, balance is needed when applying any principles for reform.

There are two likely approaches to reforming the funding rules: incremental or comprehensive. Both have advantages and disadvantages, and both will provide substantial challenges. Incremental change may get enacted sooner, but each change will have opponents that request exceptions and transition rules, increasing the opportunity for future problems. On the other hand, a comprehensive rewrite of the funding rules may take longer to enact and may result in unforeseeable problems that occur only when tested in future economic climates. Whether reform is incremental or comprehensive, all proposals for pension funding should be assessed to see how they meet the following principles:

- SOLVENCY: The funding rules should move us to a point where assets cover accrued liabilities, particularly if and when a plan terminates. The funding rules could also encourage employers to ensure that assets cover ongoing liabilities.
- PREDICTABLE FUNDING: Contributions should be more predictable so they can be budgeted in advance.
  - —Smooth contributions/less volatility: Contributions should not change radically due to a small change in assets or interest rates.
  - —Coordinate obligation with business/economic cycle: Employers should be able to make larger contributions in good years than under current rules, so they will not have to contribute large amounts in difficult years.
  - —Better financial risk management: Plan sponsors should be able to hedge swings in liabilities by holding bonds, which would make contributions more predictable.
- TRANSPARENCY: Users of the information should be able to understand the current financial position of the pension plan and its integration with the sponsors' disclosures.
- INCENTIVES TO FUND/FLEXIBILITY: Sponsors should be encouraged to fund their plans better by allowing them to build up margins in the plan without deduction and excise tax problems and by providing them access to "super surpluses" for other purposes, such as employee benefits, without having to pay a reversion tax.
- AVOID MORAL HAZARDS: The rules should not encourage (nor allow) weak employers to improve benefits at the expense of someone else (e.g., the PBGC, premium payers, or U.S. taxpayers).
- SIMPLICITY: The rules should be easier to understand and comply with than the current, complex rules.
- SMOOTH TRANSITION: Employers need smooth transitions to new rules so they are not forced into freezing or terminating their pension plans.

The Academy's Pension Committee is engaged in the development of an issue brief that expands on the way these principles can be addressed, as well as a more technical white paper that discusses how the current rules and regulations hinder achievement of these principles and alternative ways the law can be changed to realign the rules.

Why should defined benefit plans be encouraged? Defined benefit plans, in particular, can reduce the investment, inflation, interest rate, and leakage[1] risks to employees and eliminate most of the longevity risk through pooling (annuitization). Employees are much more likely to participate in the company DB plan, and they are much more likely to get a lifetime income from the DB plan. (Many defined contribution [DC] plans rely on voluntary enrollment, and rarely pay out a lifetime income.) In addition, DB plans are better than DC plans at providing the country with some very important advantages, which many people (including some policy-makers) will not realize are lost until many years from now, when it is too late to regain them. For example, DB plans create a more financially secure population, reduce welfare expenditures, provide a huge source of efficiently invested assets in our markets, and defer taxable income to the future when it is needed, for example, to reduce the strain on financial resources caused by retiring baby boomers. And finally, DB plans help employers with workforce management issues (and union demands) better than DC plans.

DB plans create a more financially secure population, reduce welfare expenditures, provide a huge source of efficiently invested assets in our markets, and defer taxable income to the future

Prior law encouraged DB plans as much as DC plans. This is no longer true. DC plans have the same tax advantage, but the laws regulating them are much simpler and they allow DC plans more flexibility (e.g., pre-tax employee contributions and employer matches). Thus, any revisions to the funding rules should stop and reverse this trend, or employers will continue to switch to DC plans. Many employers have already done that (particularly ones that were intending to switch to cash balance plans but were too concerned about the current, uncertain legal environment), and many are freezing their DB plans while contemplating moving to DC plans.

We welcome the opportunity to discuss these ideas with you and to work with you in shaping a solution that will balance the needs of employees, employers, the PBGC, and other parties.

1. "Leakage" refers to the risk that retirement assets will be withdrawn and spent before the employee retires, and will therefore not be available for retirement income.

GAO Studies Frozen Plans

On Dec. 17, the General Accounting Office reported to Rep. Earl Pomeroy (D–N.D.) on the frequency with which defined benefit (DB) plans are being frozen and the impact these plan freezes could have on the DB pension system and the PBGC.

IN ITS REPORT *Private Pensions: Timely and Accurate Information Is Needed to Identify and Track Frozen Defined Benefit Plans*, which was developed at Rep. Earl Pomeroy's request, the GAO indicated that the exact number of defined benefit plans frozen since 2000 could not be determined, given limitations of publicly available information from the Department of Labor and the PBGC. Although the impact on the PBGC and participants can vary depending on the type of freeze implemented in a given plan, the report did state that plan freezes could increase the risk to the PBGC's long-term sustainability, especially if frozen plans are eventually terminated and fewer premiums are collected.

For its report, the GAO received some data based on private surveys of benefits consulting firms. However, since the results reflected only client-specific information, the information could not be applied to the DB plan system in general.

The Academy's Pension Practice Council provided the GAO with data from an informal survey (conducted over a period of three weeks last August) of Academy members who are EAs. There were 232 responses to questions about the number of plans freezing benefit accruals prior to 2000, plans freezing accruals since 2000, plans frozen to new entrants, plans considering freezing to future accruals/new entrants, and the number of plans terminated.

Among findings from the Academy survey:

- Approximately 9 percent of the total number of plans in the survey froze benefit accruals prior to 2000; 11 percent have frozen accruals since 2000; and 7 percent have frozen plans to new entrants.
- 8 percent of the plans are considering freezing future accruals and/or closing plans to new entrants, affecting 27 percent of total participants.
- 13 percent of the plans have been terminated, affecting 7 percent of total participants.
- While larger plans represent only a small sample from the survey, these results indicate that a significant number of these have frozen benefit accruals to participants and/or new entrants.

The Academy also asked respondents to indicate the total number of plans for which they signed a Schedule B. Those who responded to the survey signed Schedule Bs for 4,659 DB plans, covering about 15 percent of all DB plans.

The Academy provided its survey results to the GAO last fall with the following caveats:

- The response received was less than anticipated, probably due in part to the fact that some large consulting firms were conducting similar analyses internally.
- Because of the low response rate, the Academy's results might be insufficient to allow for definitive statements about the prevalence of freezes within DB programs.
- The Academy's sample could be biased because those respondents reporting frozen plans might be more interested in relating their experience. As a result, the frequency of plan freezes might be overstated.

Despite these caveats, the results from the Academy survey buttressed growing concerns that a significant number of employers are opting to curtail future benefit accruals in their DB plans. Complete results from the Academy's survey may be obtained by contacting me at jerbi@actuary.org.

Looking forward, the GAO has requested that the 2002 Form 5500 Annual Return collect information on DB frozen plans. However, this information will not be available until later this year. The GAO has also recommended that the PBGC's executive director request that the agency "conduct a pilot study to identify frozen DB plans it insures and assess the usefulness of information on the characteristics and consequences of plan freezes."

—Heather Jerbi, pension policy analyst

CORRECTION: In the article "The Future of Human Longevity: How Important Are Markets and Innovation?" which ran on Page 3 in the Winter 2003 *EAR*, Chart 5, detailing the female average annual decline in death rates, inadvertently gave a 0.50 percent decline in the years 1982-2000. The decline should have been zero.

get proposal, the administration adds a fourth savings vehicle, individual development accounts (IDAs), which are targeted at low-income workers.

RSAs are solely intended for the purpose of retirement savings, and withdrawals for nonqualified purposes would result in a tax or penalty to the account holder. LSAs could be used for any type of savings and therefore allow for penalty-free withdrawals. RSA and LSA contribution limits would both be capped at $5,000 annually (indexed for inflation), instead of the $7,500 cap previously proposed. Contributions would be nondeductible, and earnings would accumulate tax free. Qualified distributions could be made from RSAs after age 58 — or in the event of death or disability — without penalty. For LSAs, there would be early distribution penalties.

ERSAs would consolidate 401(k), SIMPLE 401(k), 403(b), and 457 plans into a single plan that follows current 401(k) rules. Contributions would be subject to a single nondiscrimination test: if the average contribution percentage of a non-highly compensated employee (NHCE) is 6 percent or less, then the average contribution percentage of a highly compensated employee (HCE) cannot exceed two times the NHCE's percentage. No testing would apply if the average contribution percentage of the NHCEs exceeds 6 percent. Employers can avoid the testing if they satisfy a designated safe harbor — all eligible NHCEs can receive matching or nonelective employer contributions of at least 3 percent of compensation. If these are matching contributions, then one of two formulas must be used: either a 50 percent match of an employee's elective contributions up to 6 percent of compensation or an alternative formula where the employer match doesn't get better for employees who contribute at a higher rate and where the aggregate amount of matching contributions is at least as much as those described in the first formula.

PENSION REFORM UPDATE

By an 86-9 vote on Jan. 28, the Senate approved a modified version of the Pension Stability Act (H.R. 3108), which would for two years replace the 30-year Treasury bond rate that companies use to determine their pension liabilities with a rate based on long-term corporate bonds. According to the PBGC, the new formula could save companies about $80 billion.

The legislation would also temporarily suspend provisions requiring employers with underfunded plans to accelerate funding through deficit reduction contributions (DRC) to their plans. Companies are currently required to make contributions if their pension plans have been less than 90 percent funded for at least two of the past three years. This provision is specifically targeted to relieve commercial airlines, steelmakers, and other companies with underfunded plans of 80 percent of their DRC in the first year and 60 percent the second year. The PBGC estimates that companies that qualify for the DRC waiver could be relieved of an additional $16 billion in contribution obligations.

If Congress does not pass legislation before April, companies will be forced to make their first-quarter pension payments using the 30-year Treasury bond rate, which the Treasury Department no longer issues. A temporary replacement for the defunct 30-year Treasury rate, established by the Job Creation and Worker Assistance Act of 2001, expired at the end of 2003.

Concerned that the DRC provision will worsen pension plan underfunding, Treasury Secretary John Snow, Labor Secretary Elaine Chao, and Commerce Secretary Donald Evans wrote a letter on Jan. 22 to Senate Majority Leader Bill Frist (R-Tenn.) warning him that they will recommend that President Bush veto the legislation if the final version includes the DRC provision.

The original version of H.R. 3108 passed in the House of Representatives last October. The House and Senate versions must now be reconciled in a joint House-Senate conference committee. Senate Democrats originally objected to the appointment of conferees, unless a pre-conference agreement could be reached to ensure that specific provisions would not be added to or removed from the legislation during conference negotiations.

At the time this article was written, Senate and House conferees had been named. It is anticipated that this legislation will pass through conference, be adopted in both houses, and be sent to the president for signing. However, it remains to be seen if the president will bow to veto pressure, or how the Treasury will choose to define the new benchmark in any legislation that passes. Stay tuned.

The ERSA proposal was modified from the 2003 proposal to include a provision for employers with 10 or fewer employees. Small businesses can now fund a custodial ERSA for their employees (similar to a current-law IRA).

IDAs would provide dollar-for-dollar matching contributions, up to $500, for low-income individuals (single filers with annual income below $20,000, joint filers with income below $40,000, and head of household filers with income below $30,000). Contributions would not be deductible, and earnings would be taxable; however, matching amounts and earnings would not be taxable. Withdrawals from IDAs could be made for qualified purposes such as education expenses, small business capitalization, and the purchase of a first home.

Cash Balance Proposal

In its general explanation of the proposed 2005 budget, the Treasury Department acknowledges that "cash balance plans and cash balance conversions are not inherently age-discriminatory." However, the budget contains a new proposal designed to provide more adequate protections than are allowed under current law for older workers in pension plan conversions.

Under the proposal, a cash balance plan would satisfy age-discrimination rules if pay credits for older and younger participants were at least equal. Employers converting to a cash balance plan would be required to provide, for a period of five years, benefits for all employees under the new cash balance plan that were at least as generous as the benefits that would have been earned under the traditional plan. To ensure that all workers would earn benefits immediately after a conversion, wear-away of normal or early retirement benefits would be prohibited.

At the same time, improper benefit reductions would trigger a 100 percent excise tax on any difference between the benefits required under this proposal and the benefits actually provided by the cash balance plan. The amount of the excise tax, however, could not exceed the greater of the plan's surplus assets at conversion or the sponsor's taxable income. The tax would not apply if participants were provided a choice between the traditional and the cash balance formula or if they were grandfathered into the traditional plan.

Whipsaw would be eliminated so that an employee's account balance could be distributed as a single sum as long as the interest-crediting rate was not greater than a market rate of interest.

The Treasury Department has indicated that it will not issue regulations to implement the proposal, leaving it to Congress to act on the recommendations. The provisions are prospective only — the proposal makes no inference about the status of cash balance plans under current law.

Funding Proposal

Under the administration's proposal, current liability would be calculated based on a weighted average of high-quality, long-term corporate bonds beginning in plan years 2004 and 2005. In plan years 2006 and 2007, a corporate bond yield curve would be phased in. For 2006, the current liability interest rate would be a blend of a corporate bond rate and the yield curve (weighted two-thirds to one-third). For 2007, the weights would be reversed. Beginning in 2008, current liability would be determined using a yield curve based on high-quality, zero-coupon corporate bonds. The secretary of the Treasury would provide the yield curve on a monthly basis using a 90-day smoothing of interest rates.

Lump sum distributions would be calculated using the same interest rates and weighting factors as current liability in plan years beginning 2006. For years 2004 and 2005, there would be no change with respect to the calculation of lump sum distributions.

Beginning in 2005, plans sponsored by an employer with a below-investment-grade rating and with assets of less than 50 percent of termination liability would be required to freeze benefit accruals and suspend lump sums and other accelerated benefit payments.

—Heather Jerbi, pension policy analyst

Academy Comments
on Multiemployer Issues

In a March 4 letter to the Senate Committee on Health, Education, Labor, and Pensions, the Academy's Pension Practice Council and Multiemployer Plans Task Force commented on the multiemployer provision in the Senate version of H.R. 3108, the Pension Stability Act.

Without the relief provided in the legislation, the letter states, current minimum funding requirements would potentially increase benefit cuts and/or contribution increases for multiemployer plans before the next bargaining cycle. The letter also identifies several areas where the legislative language could be clarified, including applicable losses eligible for deferral and whether or how accumulated interest is ultimately charged to the funding standard account.

The letter was drafted at the request of congressional staffers, who met with members of the Academy's Pension Committee during the committee's annual Capitol Hill visits on Feb. 23.

The letter is available on the Academy's website, www.actuary.org, or by contacting Heather Jerbi, the Academy's pension policy analyst (jerbi@actuary.org).

PBGC Offers Online Filing

THE PBGC ANNOUNCED IN FEBRUARY that it will accept electronic premium filings and payments through its secure website for plan years commencing in 2004 and later.

Through My Plan Administration Account, an online e-filing service center, practitioners will be able to establish an account, electronically create and sign premium filings (Forms 1, 1-ES and 1-EZ, and Schedule A to Form 1), and electronically submit the filings and payments to the PBGC.

For more information, go to **www.pbgc.gov** and click on the link for online premium filing. Questions? Call PBGC's customer service line, 1-800-736-2444, or 1-800-877-8339 for TTY/TDD users.

HELP WANTED

The Academy's Pension Practice Council is creating a new task force to examine retirement-age issues, such as phased retirement, rehiring of retirees, retirement age, and life expectancy. The chairperson of the new task force will be Bruce Schobel. If you would like to be involved, contact Heather Jerbi, the Academy's pension policy analyst (202-223-8196; jerbi@actuary.org).

Call for Research Ideas

BY EMILY KESSLER

THE JOINT ACADEMY/SOA TASK FORCE on Financial Economics and the Actuarial Model is interested in your suggestions for research topics as it begins planning for a spring 2005 symposium on financial economics.

The task force was the sponsor of the 2003 Vancouver Symposium on the financial economics model, which featured 24 papers covering basic research on the application of financial economics to pension actuarial science. This past winter, the task force sponsored a series of webcasts outlining the basic implications of financial economics for pension actuarial practice, with special attention paid to funding, accounting, and investments. The task force is ready for its next step, but it needs your help.

Financial economics takes several positions about pension funding, investments, accounting, and plan design:

- Full funding on a wind-up basis at all times is best for shareholders and employees when no guaranty entity exists.
- When society establishes a mutual insurance program (e.g., the PBGC) to guarantee promises made by all plan sponsors, full wind-up funding by each plan sponsor is optimal — anything less leads to costly moral hazard.
- Investment in bonds that match wind-up liabilities maximizes shareholder value: risks are reduced, tax gains are induced, and managers concentrate on business instead of running pension "mutual funds."
- Accounting should be based on fair values that do not anticipate returns on risky assets or future non-contractual wage increases. There should be no amortization and deferral.
- Plan designs should serve to enhance the value of the employment relationship for both shareholders and employees.

We have heard from many actuaries and consultants who see merit in these concepts and have introduced them to clients but didn't know what the next step should be. We have also heard from actuaries who work with legislatures, regulatory agencies, and accounting bodies and who would like to integrate financial economic thinking into their communications. Evidently, a great deal more work is needed for pension actuaries to comprehend fully this financial economic perspective and to integrate it into their own thinking.

What research would be helpful to you? We have had a lot of theoretical papers but little yet that applies these principles to historical or stochastically simulated data. What do you still not understand? What still doesn't make sense? What questions are your clients and others asking about financial economics that you simply cannot answer?

We're looking for ideas. Suggesting an idea does not commit you to writing a research paper. The task force will collect and review all ideas with an eye toward building an outline for a spring 2005 symposium.

If you have an idea, please send it to me at ekessler@soa.org or call me at 847-706-3530. There is no deadline for ideas, so six months from now if you get another idea, go ahead and send it in.

Emily Kessler is the SOA staff fellow supporting the work of the Joint Academy/SOA Task Force on Financial Economics and the Actuarial Model.