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ACTUARIAL COMMUNICATION

Misleading or Just Plain Confusing?

BY JAMES TURPIN

ACTUARIES ARE PART OF A HIGHLY technical professional world that is easily misunderstood by those outside the profession. Thus, it is important for our communications to be appropriately clear, concise, and properly geared to the intended audience. Like other professions, we have our own jargon and acronyms. But while using such terminology makes communication with colleagues easier, it may also render a professional conversation almost meaningless to the layperson.

The purpose of the second general session at the 2004 Enrolled Actuaries Meeting was to explore problems that pension actuaries may encounter in preparing actuarial communications that satisfy the requirements of Precept 8 of the Code of Professional Conduct. Unfortunately, the panel had time to discuss only two of the five cases included in the program materials. This article reflects my personal observations on the remaining three case studies.

In simplest terms, I believe Precept 8 says an actuarial communication should not be misleading nor should an actuary affirmatively allow his or her work product to be used in a man-

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Enrolled actuaries at the first general session of the 2004 EA Meeting. For coverage of the meeting, turn to Page 3.

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

Joint Board Seeks Advisory Actuaries

BY CARL SHALIT

AS WE APPROACH THE 30TH anniversary of the enactment of ERISA, those of us who are old enough to remember when ERISA was passed might reflect on the many changes since then. While the existence of the Joint Board for the Enrollment of Actuaries (and how it is staffed) remains the same, the way that the joint board operates when enrolling actuaries has changed.

The most significant change occurred in 1976 when the joint board created its Advisory Committee on Actuarial Examinations as a way of tapping private-sector experience to maximize the effectiveness of the enrollment process. The advisory committee was chartered to comprehensively review, edit, and finalize examination questions prepared in draft form by writing committees made up of members of the Society of Actuaries (SOA) and the American Society of Pension Actuaries (ASPA), both of which co-sponsor the examinations with the joint board. The joint board retains final approval of the examinations before they are administered.

In addition to preparing the examinations, the advisory committee reviews statistical results of the examinations and recommends appropriate pass marks to the joint board. It also helps develop the syllabi for the examinations and addresses other issues related to the

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enrollment process as requested by the joint board.

The advisory committee is renewed every two years. The joint board is currently inviting applications for the next advisory committee, which will be formed Nov. 1.

The advisory committee is composed of two SOA-sponsored members, two ASPA-sponsored members, and five at-large members. Historically, sitting members often reapply to remain on the committee. However, three current members have indicated that they will probably retire. Further, renewal is not automatic and the joint board takes into consideration not only the level of participation of those who are requesting renewal but also the diversity of experience represented on the committee (large plan, small plan, multiemployer, academia, etc.).

Accordingly, the joint board is seeking applications from enrolled actuaries who are willing to make a significant time commitment to serve on the advisory committee. Applicants should be experienced enrolled actuaries who are familiar with all the topics included in the enrollment examinations. Applicants must be interested in the academic side of the enrollment process and must be willing to express their opinions as the committee reviews questions for inclusion in the examinations. There are usually four intensive meetings during the year: two of them lasting one day each (generally in late April and late October) and the two others lasting two days each (generally in early January and early July). The costs for transportation, lodging, meals, and incidental expenses (subject to reasonable limits) are reimbursed by the federal government.

In addition to the meetings, a total of approximately 75 to 125 hours a year of preparation time prior to the meetings is required. Further, several committee members contribute additional time by maintaining drafts of the examinations, and all committee members may be called upon to work on specific projects as needed.

Service on the advisory committee is an excellent way to stay current with the technical side of pension actuarial practice, particularly with regard to topics on the EA-2 examinations. Committee service also provides a strong sense of accomplishment in an area relative to pension practice, which is not always the case with other professional volunteer work. As an incentive, the joint board grants 18 hours of continuing education credit to advisory committee members for each full year of participation on the committee. Finally, the opportunity to develop a close camaraderie with other experienced actuaries practicing in industry, academia, and the federal government is an appealing aspect of committee service.

Applicants for a committee appointment should send a letter describing their credentials and experience (particularly mentioning service on other professional committees) to Patrick McDonough, the joint board's executive director, at the following address:

Joint Board for the Enrollment of Actuaries
attn: Patrick McDonough (SE:OPR)
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, DC 20224

If you have questions, feel free to contact McDonough at 202-622-8225, or me at 978-745-9939. The application deadline is Aug. 13. Later applications may be considered but may not receive the same level of review.

CARL SHALIT, a consulting actuary in Salem, Mass., is the coordinator of the Joint Board Advisory Committee on Actuarial Examinations.

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Caution: Yield Curve Ahead

BY RON GEBHARDTSBAUER

AT THE RECENT EA MEETING, three panelists explained everything you'd want to know about yield curves—and more.

Eric Palley, an associate principal with Mellon Human Resources & Investor Solutions, walked session participants through the process of how his company constructs yield curves. Starting with the yield curve for Treasury bonds, Mellon then fits it into a four-parameter exponential function. Mellon intentionally avoids the dip in the yield curve at the long end, which is caused by the increased demand and decreased supply of very long bonds.

Mellon uses the yield curve to construct the Treasury spot rate curve (the yield curve for zero-coupon Treasuries). Then it adds an option-adjusted spread (OAS) on top of the Treasury spot rate curve, based on the yields from a specified group of corporate bonds; e.g., those with credit ratings of Aa3 or better. This OAS compensates the lender for default risk, downgrade risk, and the risk in a call or put option. (A call option allows the borrower to pay off the bond early, while a put option allows the purchaser to demand early repayment of principal, usually on specified dates. A call is more likely to occur when interest rates fall below the bond's coupon rate when there is no premium.)

The option-adjusted curve can then be used to value the pension payments in the nth year by dividing the payments by $(1 + \text{spot rate}_n)^n$. Alternatively, actuaries can develop the forward rates (sometimes called select and ultimate rates) from the spot rate curve by using:

$$(1 + F_n) = (1 + \text{spot rate}_n)^n / (1 + \text{spot rate}_{n-1})^{(n-1)}$$

An interesting point to note from this formula is that if the spot rate curve is always increasing, then the forward rates will always be above the spot rates. If the spot rates decrease at any point, the forward rates will tumble, which doesn't make sense. This provides a rationale for having the spot rates always increase (unless the curve is inverted—due to reduced inflation expectations in the future—which is more likely to happen with Treasury than corporate bonds).

Currently the bond curve is steep because of Federal Reserve Board Chairman Alan Greenspan's efforts to pull it down at the short end and inflation expectations pushing up the long end. There are ongoing arguments on whether one can use the current curve to forecast future curves. For example, if one drops the first 20 years off, it might imply that the yield curve is flat in 20 years. However, others suggest that the corporate bond yield curve should generally have an increasing slope because of the increasing probability of default and the increasing risk of inflation with longer duration bonds. Thus, most practitioners agree that the current curve is not a good predictor of future rates; however, the current curve and its forward rates can be used to price cash flows.

About 1,300 pension actuaries attended the 2004 Enrolled Actuaries Meeting in Washington, March 22-24. The meeting was co-sponsored by the Academy and the Conference of Consulting Actuaries.

Dick Wendt, a principal with Towers Perrin, pointed out that no matter what the yield curve does in the future, one can value a lump sum payable in the nth year as if it were equivalent to an annuity payable in the nth year, if a yield curve is used for determining equivalence, as suggested in Treasury proposals. This is because the appropriate zero-coupon bonds that match the annuity payments are the same bonds that will match the lump sum. We may not know what the amount of the lump sum will be in the nth year, but we know it will be the ►

present value of those bonds, using the yield curve at that time. Thus, if the lump sum is the actuarial equivalent, then it won't shorten the plan's duration. However, if the lump sum is based on a fixed interest rate, say 6 percent, or on an account balance, then it will shorten the plan's duration. Dick also provided suggestions for valuing lump sums if lump sums are based on Treasury rates.

As the third speaker on the panel, I discussed the Treasury proposal to use a 90-day average of the yield curve for funding pension plans. The administration wants to move to more current rates so that funding responds more quickly to market and interest rate declines. The current funding rules delay a funding response through smoothing assets, smoothing liabilities, delaying application of the DRC rules until the plan is consistently below 90 percent, and offsetting the DRC contribution by the credit balance. Normally, smoothing assets and liabilities aren't a big problem, because assets and liabilities are both increasing (so smoothing slows both of them down). However, smoothing delays responsiveness when liabilities are increasing and assets are decreasing.

I also cautioned that 90-day smoothing will increase contribution volatility (for example, interest rates jumped 150 basis points last July) and unpredictability unless sponsors invest in duration matching bonds. I also pointed out that an equivalent rate to the yield curve would vastly reduce complexity and the results would generally be the same, except for very mature plans in times of very steep yield curves. Even in this unusual situation, liabilities based on a yield curve would be only 3 percent larger. Using one rate would also avoid the threat of age discrimination and problems in communicating the rate to participants.

RON GEBHARDTSBAUER is the Academy's senior pension fellow.

Legal and Regulatory Update

BY BRUCE GAFFNEY

IN A SINGLE JAM-PACKED SESSION at this year's Enrolled Actuaries Meeting, Heidi Rackley, a principal with Mercer Human Resource Consulting's Washington group; Chris Bone, executive vice president and chief actuary for Aon Consulting; and Mercer attorney Linda Josephson reviewed recent legal and regulatory developments affecting pension actuaries.

Jim Holland, manager of the actuarial group for IRS, made a surprise appearance as a guest speaker. He briefly reviewed the proposed regulations under IRS Code Section 411(d)(6) regarding elimination of certain optional payment forms. Holland said that while outlining rules regarding elimination of optional forms, the proposed regulations provide a general framework for analyzing anti-cutback issues and define various terms that are used in other places, giving them broader impact and scope.

In addition to reviewing various legislative proposals to temporarily fix pension funding (including legislation that was enacted in April), the panel discussed the following regulations:

- PBGC Technical Update 2004-02, which extends the use of 100 percent of the 30-year Treasury rate for purposes of liability determinations related to certain reportable events.
- Retroactive annuity starting date regulations, which provide new rules regarding the timing of qualified joint-and-survivor annuity notices and interest on retroactive benefit payments.
- Regulations regarding disclosure of the relative value of optional payment forms.
- Proposed regulations on automatic rollover of mandatory cash-outs (i.e., small lump sums).
- Revenue Ruling 2004-11, which covers transition relief provided under nondiscrimination regulations in the case of a change in the controlled group of the plan sponsor (i.e., mergers, acquisitions, or spinoffs).
- Revenue Ruling 2004-10 on the reasonableness of allocating certain expenses to former employees (but not current employees) under defined contribution (DC) plans.
- Revenue Ruling 2004-12, which provides special guidance on treatment of rollover accounts.
- Revenue Ruling 2004-13 regarding coordination of the 401(k) and 401(m) safe harbor rules with EGTRRA top-heavy changes.
- Sections of the Service Members Civil Relief Act that regulate loans under DC plans to members of the armed services.

The panelists outlined various problem areas and open questions in the new regulations and rulings, as well as in their interrelationships.

The panelists also reviewed recent cash-balance-related developments, including court activity, new requirements on the Schedule B, proposals from the administration for changes in rules, and FASB proposals regarding liability determinations.

BRUCE GAFFNEY is a principal and consulting actuary with Ropes & Gray in Boston, a member of the Enrolled Actuaries Meeting Joint Program Committee, and a contributing editor of the *EAR*.

Gray Book Review

BY BRUCE GAFFNEY

IN A SESSION AT THE RECENT EA MEETING, Donald Segal, senior vice president and actuary for the Segal Co. and vice chairperson of the Academy's Pension Practice Council, joined with Ken Steiner, a resource actuary with Watson Wyatt and a member of the Pension Practice Council, to discuss the 2004 IRS Gray Book.

The Gray Book is a compilation of IRS responses to questions from pension practitioners regarding unusual situations or areas in which the Internal Revenue Code and regulations are unclear, insufficiently specific, contradictory, or silent. Concurrent sessions at the EA Meeting each year allow pension practitioners to discuss the details and ramifications of certain Gray Book questions, particularly those that are surprising or confusing.

The 2004 Gray Book contains 49 questions and answers on a variety of topics, ranging from nondiscrimination rules to who can sign Form 5558 (Answer: the enrolled actuary for the plan, if authorized in writing by the plan sponsor or administrator). Highlights of the session included:

- An analysis of Question 2, in which the IRS described how to project current liability to year-end for purposes of determining the maximum deductible amount in the case of a plan with differing fiscal and plan years. (This question was notable in that the IRS has previously provided a different answer to a similar question.) Questions 10 and 19, which also deal with plans where the fiscal year and plan year are not the same, were discussed.
- A review of questions regarding determination of quarterly contributions after a merger and after receiving a waiver.
- A lengthy discussion of Questions 29 through 34 concerning the new regulations regarding retroactive annuity starting dates.

It is important to note that the guidance in the Gray Book does not carry the weight of a regulation or other IRS promulgation. It cannot be relied on as strict guidance. Rather, it gives an indication of regulators' thinking on how unusual situations might be addressed.

The Gray Book is a compilation of IRS responses to questions from pension practitioners regarding unusual situations or areas in which the Internal Revenue Code and regulations are unclear, insufficiently specific, contradictory, or silent.

BRUCE GAFFNEY is a principal and consulting actuary with Ropes & Gray in Boston, a member of the Enrolled Actuaries Meeting Joint Program Committee, and a contributing editor of the *EAR*.

International Accounting Outlook

PRACTICES MAY BE CHANGING for actuaries who handle pension accounting in this country. The International Accounting Standards Board (IASB) is currently developing accounting standards to be considered for adoption by the European Union in 2005 and to be converged with U.S. standards under the Financial Accounting Standards Board (FASB) by the end of the decade.

In a session at the recent EA meeting, Stacy Apter, a director with PricewaterhouseCoopers, Mark Beilke, director of employee benefits research for Milliman, and Gregory Glashan, a principal and consulting actuary with Mellon Human Resources & Investor Solutions, examined the differences between FAS 87, FRS 17, and IAS 19 and the impact international decisions could have on accounting practices for DB pension plans.

Events have moved quickly since a January decision by the FASB to propose working with the IASB on a project to redo all pension accounting standards. In April, the FASB and the IASB formally agreed on the project and in the same month, the IASB released an exposure draft of IAS 19, which resembles the United Kingdom's FRS 17 and requires immediate recognition on the balance sheet of gains and losses on assets and liabilities.

In the EA session, Glashan discussed the perception that FRS 17 was responsible for the decline of DB schemes in the United Kingdom. The reality, Glashan said, is that declines in interest rates and in the stock market caused the U.K. pension-funding crisis, and FRS 17 simply made the crisis transparent. He said some actuaries believe that marking assets and liabilities to market values will increase volatility, possibly further threatening the stability of DB plans.

—Heather Jerbi,

ner that could mislead a third party. The challenge lies in providing a simple explanation that reduces the complexity of our work to words that are understandable. What if it isn't possible to do this and still communicate the technical issues properly? The answer usually lies in limiting distribution of the communication, providing resources to aid in its being understood, or incorporating caveats as to how it can be used.

A Too-Simple Summary

Your client wants you to prepare a brief explanation of the company's defined benefit (DB) pension plan to help a new benefits person understand its basic provisions. To keep the summary short, you omit definitions of many of the terms common to such plans. Without discussing it with you, the benefits person distributes your summary to a number of employees. Based on the summary, one employee believes he is eligible for the plan sooner than the plan specifies. The employee is well compensated and close to retirement age, so the extra year of participation is worth over $25,000 in additional benefits.

The challenge lies in providing a simple explanation that reduces the complexity of our work to words that are understandable.

Was the summary an actuarial communication? If it was, did you violate the code? Did you have reason to anticipate this problem? If so, what might you have done?

It's easy to assume that preparing a summary of plan provisions isn't really providing actuarial services and that your summary isn't an actuarial communication. But if you are an actuary providing services, you may be prudent to consider every project for a client as providing actuarial services and any communication—including e-mail—as an actuarial communication. This may seem overly broad, but it's probably the safest approach. If you assume all of your activities are subject to the code, you are less likely to have an unintentional violation of the code.

Based on this view, did you violate the code? Your summary did mislead at least one employee, possibly to the employee's detriment. However, you might argue that the misled employee was not the intended recipient of your summary and that you didn't intend for the summary to be disseminated. The problem goes to the second part of Precept 8: the use of the summary to mislead a third party. While there may have been no intent to mislead, that was the apparent result.

Given the client's original request, how might the problem have been anticipated and avoided (or minimized)? I have found it best to plan for mistakes when preparing information for distribution to clients and their employees. Some options for minimizing the problem are never to put anything in writing (not realistic), restricting your information to those with a proper understanding of its use (difficult), or disclosing inherent limitations in the use or application of the information.

For example, you could include a footnote on every page of the summary, which states certain limitations, such as:

- "*This brief summary is for the use of Human Resources staff only and should not be distributed to other employees.*"
- "*The actual provisions of the plan are set forth in the complete plan document, which is available for your review at the office of the Plan Administrator. If there is any discrepancy between the above summary and the plan document, the terms of the plan document shall apply.*"
- "*This brief summary is not a Summary Plan Description or a plan document. You should not rely solely on this summary in making a determination of eligibility for the plan or its benefits.*"

Similarly, you could restrict distribution of the summary in your cover letter, memorandum, or e-mail when you transmit it to your client. However, since the cover letter and attachment are likely to part company at some point, it may be better to incorporate it directly into your summary.

The Compliant Client

By the end of this year, every pension plan will be required to provide comparisons of various forms of payment. In this case study, the participant is at normal retirement age and eligible for a benefit. The plan offers several forms of payment, including a qualified joint-and-survivor annuity and a lump sum distribution that are actuarially equivalent. But the minimum lump sum requirements in IRC Section 417(e) produce a value that is 45 percent higher than the plan's value, which means the actual lump sum distribution will be significantly greater than the value of the qualified joint-and-survivor annuity.

So, where's the problem? Under relative value regulations, any benefit option that is worth at least 95 percent of the value of the qualified joint-and-survivor annuity can be described as approximately equivalent. The plan sponsor would probably prefer that the lump sum's significant additional value not be disclosed since it would encourage the participant to take the lump sum, adversely affecting plan funding. You, as the actuary, would like to make the information on the benefit payment options as simple and straightforward as possible.

Despite the provision in the relative value regulations allowing the optional forms to be deemed approximately equivalent, Precept 8 probably precludes you from making a categorical statement to that effect. Why? To tell a participant that the values of the options are approximately equivalent when the values differ by as much as 45 percent wouldn't be misleading. Is there any amount or percentage difference that would not be misleading? Certainly, but it usually would be preferable to define what is meant by "approximately equivalent." For example, the benefit distribution election forms could state that "approximately equivalent" means the underlying values are within 5 percent of each other, or within 5 percent of a benchmark value.

If the regulation mandated the use of only the approximately equivalent approach rather than allowing something more precise, it could be argued that the applicable binding authority doesn't permit disclosure of the actual higher lump sum value. However, as I read the regulation, that isn't the case. In my opinion, you cannot rely on compliance with the regulation as a means to avoid the Precept 8 issue.

But if the client makes the statement, not you, is there still a Precept 8 problem? Maybe — it depends on the communication between you and the client. I believe you cannot permit your work to be used in a misleading manner. In this case, the most you may be able to do is advise the client of the regulation requirements and the actual relative values. If your client decides to follow the regulations' approximately equivalent provision despite your warning that it could be misleading, there is little you can do other than weigh this as a factor when deciding whether to continue providing services for this client.

Let's take this example a step further. Rather than the participant's being at normal retirement age, assume he is age 54 years and 8 months, four months shy of early retirement age, and he has decided to terminate employment. You are asked to prepare his benefit distribution election forms.

If the participant waits until he turns 55, he will be entitled to a significant subsidy, but it applies only to the annuity forms of payment. If he leaves now, the benefit amounts and lump sum value on his benefit distribution election forms will be based on his accrued benefit payable at age 65, without any early retirement subsidy. Even if the participant waits to retire until age 55, the lump sum distribution amount will be based on the age-65 accrued benefit, not the subsidized early retirement benefit.

In this case, the subsidized early retirement annuity would be much more valuable than the lump sum. But the issue is the same: What do you tell the participant? Here the regulation is of little help since it requires the relative value disclosure to be based only on the benefits that are currently available, not on what might be available in the future. The regulation does not require the participant be given a comparison of what would be available if he continued to work until age 55 when he requested a distribution of benefits prior to age 55.

Without question, you have to provide your client with information that satisfies the participant's request. However, do you then advise your client of the potential loss of subsidized benefits if the participant terminates employment now? In this instance, simply providing the required information without reference to the early retirement issue satisfies both the regulation and probably Precept 8. However, going the extra step and offering the additional information would help your client fulfill ERISA fiduciary responsibilities to the plan and the participant.

Pressured Assumptions

As this final case study illustrates, there are times when client demands push the actuary outside the standards of practice into a violation of the code.

Your client firm is not having a very good year, and its pension plan has had lower-than-expected investment returns on plan assets. Based on assumptions used in the prior year, you estimate that plan assets will be less than the accumulated benefit obligation (ABO), probably triggering a significant minimum pension liability adjustment to the firm's comprehensive income for the year.

Your initial telephone discussion with the firm's CFO doesn't go well. During that call you realize the CFO doesn't remember your earlier conversations about the effect on financial statements if plan assets under-perform relative to the actuarial assumptions. The CFO demands that you prepare alternatives to alleviate the situation.

You consider several options that would result in assets being greater than the ABO, including increasing the assumed retirement age from 64 to 66 and using an aggressive discount rate. From a professional standpoint, you believe these assumptions are not reasonable based on prior plan experience and your future expectations. However, the CFO is adamant about using an alternative approach that will make the plan appear to be properly funded and assures you that the firm's auditor will agree to the assumptions.

After discussing with the CFO your professional responsibility with regard to choosing assumptions, you reluctantly agree to use the requested assumptions. However, you tell the CFO that your report will not express an opinion on whether the assumptions selected by the firm are appropriate and will not indicate whether they are consistent with FAS 87 or your best estimate. You prepare an FAS 87 report that includes your disclosure on the aggressive assumptions. The audi- ►

tor accepts the report and uses the results without reading your comments about the assumptions.

Does Precept 8 require you to disclose the assumptions in the FAS 87 report? Are the disclosures you made sufficient, or should you do something more?

Often, the threat of adverse disclosure is sufficient to rein in an unruly client. In this case, the client was intent on going forward with the selection of the assumptions, regardless of the expected disclosure. Even though the actuary isn't specifically responsible for the selection of the FAS 87 assumptions, the code requires you to satisfy the applicable standards of practice when recommending assumptions for FAS 87 purposes.

As one of the authors of Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*, and of ASOP No. 35, *Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations*, I can tell you there was significant debate on the issue of disclosure and/or commentary regarding prescribed assumptions. The requirements for prescribed assumptions certainly extend well beyond their use under FAS 87. ASOP Nos. 27 and 35 require the actuary to disclose the source of the prescribed assumption but don't require the actuary to speak about the validity or reasonableness of the assumptions. At the same time, the standards don't prevent you from commenting if you feel such disclosure is appropriate.

If you don't agree with the selection of the assumptions, you can always decline the engagement or express your opinion regarding the appropriateness of the assumptions. If you believe that the results contained in your report don't comply with FAS 87, it is usually better to say so rather than simply omit the statement that the results comply with FAS 87. Otherwise, you probably aren't in full compliance with ASOP No. 41, *Actuarial Communications*.

The quandary for the actuary is the interplay between complying with the standards, which when taken literally could result in providing possibly misleading information on the funded status of a pension plan, and complying with the code, which discourages preparation of misleading information.

In this instance, you selected an appropriate course of action. However, the effectiveness of your commentary may depend on where you place it in your report. If the statement is buried within sections of boilerplate, it probably will have little effect. Placing your comments about the assumptions prominently in the beginning or repeating them in the transmittal letter are usually more effective ways to emphasize the issue.

Ultimately, the conflict between following Precept 8 and adhering to the requirements of the standards of practice should be resolved in favor of providing the most beneficial information to the end-user of your work. In this case, you did what you thought was appropriate by questioning the assumptions.

JAMES TURPIN, a consulting actuary for the Turpin Consulting Group, is a former Academy vice president for pension issues and a former editor of the *EAR*.

PENSION STATS

The PBGC has issued an updated version of its annual statistical reference book, the *Pension Insurance Data Book 2003*, which tracks the experience of PBGC's multiemployer and single-employer insurance programs and the defined benefit (DB) pension plans they protect.

Among statistics contained in the new book:

- The ratio of active to inactive workers has fallen to roughly 1-1 in the DB pension system, down from more than 3.5-1 in 1980.
- The number of standard terminations reached an all-time low of 1,119 in 2003.
- The PBGC's recent claims experience is the worst in its 30-year history, with $11.2 billion—or 63 percent—of all claims filed within the past three years alone.

This year's edition also includes 17 new data tables related to the claims experience and to the people receiving benefits under the single-employer program.

The book is available on the PBGC website at **www.pbgc.gov/publications/databook**. Single copies may be obtained by writing to: PBGC Data Book, Suite 240, 1200 K Street, N.W., Washington, D.C. 20005-4026. Requests may also be submitted by fax to 202-326-4042.