Innovative Public Pension Funding Strategies

New Award Competition

Webinar

October 21, 2021

cca CONFERENCE OF CONSULTING ACTUARIES

NATIONAL INSTITUTE ON **Retirement Security**
Reliable Research. Sensible Solutions.

Agenda

- Logistics and Introductions

- Award Overview

- Q&A

Logistics

- Attendees in listen only mode.

- Question are welcome. Submit using "Question" function on control panel.

- Audio/technical issues during webinar: call GoToWebinar at 1-800-263-6316.

- Webinar replay and slides will be posted at www.nirsonline.org/award.

National Institute on Retirement Security
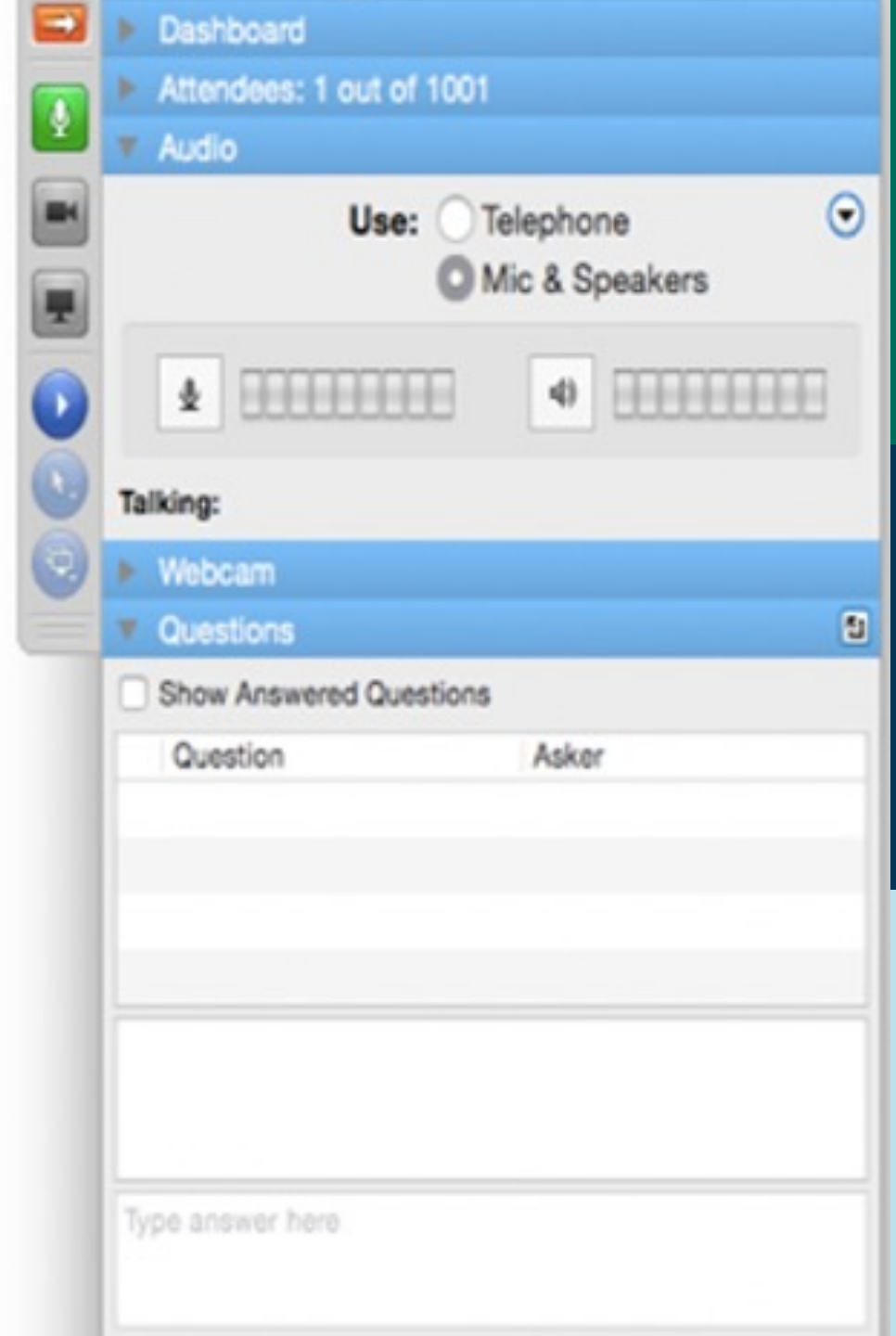
Speakers

Dan Doonan

NIRS Executive Director and Report Co-Author

Ellen Kleinstuber

Bolton Chief Actuary & 2021/22 CCA President

Award Overview

- Competition seeks to encourage and share innovative thinking around the funding of state and local pension plans.

- Focus is on innovative ideas on funding policies that can reduce cost volatility, promote intergenerational equity, and assure that plans remain on a strong fiscal path over time.

- Entrants provided a hypothetical pension scenario to design a funding policy that will address the goals above over the long-term.

Award Overview

- $5000 is awarded for each winning submission.

- If there are multiple authors, the award will be divided evenly among the authors. Each award recipient is fully responsible for all applicable taxes.

- For any award recipients precluded from accepting a financial award, the winnings will be donated to The Actuarial Foundation, a non-profit dedicated to strengthening math education and financial literacy through the talents and resources of actuaries.
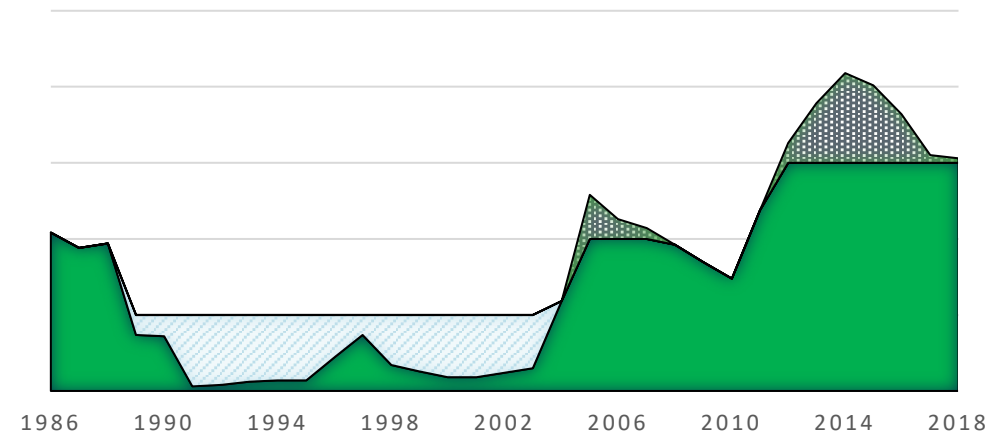
Award Overview

- Submissions are due online by **Monday, January 10, 2022**, at 11:59 PM ET, and the winners will be announced by March 2022.

- Funding policy submissions must be clear so the panel of judges can analyze the outcomes produced by modeling various scenarios without applying personal judgements.

Award Overview

- The funding policy should always produce contributions that are equivalent to—or ahead of the ADEC on a cumulative basis.

- However, contributions can be less than the ADEC for any year, subject to the requirement that the shortfall does not exceed the amount of prepaid contributions that were made in prior years (plus actual returns).

- Contestants may not achieve the objectives above by proposing to change plan benefits, the structure of benefits, or the cost-sharing arrangement.

LEVELING CONTRIBUTION PEAKS AND TROUGHS

1986 1990 1994 1998 2002 2006 2010 2014 2018

Award Overview

Core Components of Funding Policy

- Cost Method: Entry Age Normal

- Asset Smoothing Method

- Amortization Policy

- Contribution Policy Defined

- Optional: Transition Elements & Any Additional Features

Award Overview

- Innovative ideas on funding policies should be consistent with the CCA white paper, Actuarial Funding Policies and Practices for Public Pension Plans.

- https://www.ccactuaries.org/docs/default-source/papers/cca-ppc_actuarial-funding-policies-and-practices-for-public-pension-plans.pdf?sfvrsn=6397cc76_6

Conference of Consulting Actuaries
Public Plans Community (CCA PPC)

Actuarial Funding Policies and Practices
for Public Pension Plans

Award Overview

Judges

- Ellen Kleinstuber, Principal and Chief Actuary, Bolton; 2021/22 CCA President

- Patricia Bishop, Director, Virginia Retirement System

- Brent Banister, Chief Actuary, Cavanaugh Macdonald

- Jim Holland, Chief Research Actuary, Cheiron

- Judy Kermans, President and CEO, GRS

- Deborah Simonds, Board Chair, Teachers Retirement System of Georgia

- Jay Stoffel, Executive Director, TRA of Minnesota

- Todd Tauzer, National Public Sector Retirement Practice Leader, Segal

- Daniel Wade, Principal, Consulting Actuary, Milliman

- Aaron Weindling, former Senior Director and North American Modeling and Analytics Leader, Willis Towers Watson

*Please do not contact judges.

Award Overview

- Specific guidelines available at:
  https://www.nirsonline.org/award/award-guidelines-and-process/

- FAQ available at
  https://www.nirsonline.org/award/award-faq/

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Questions

Are there existing amortization bases?

Should we assume a fresh start?

Questions

Should we assume actuarial assets = market value at the outset?

Questions

What is the inflation assumption?

Questions

More Information

- Visit Award Web site:
https://www.nirsonline.org/award

- Contact Dan Doonan at
dan@nirsonline.org or 202.457.8190

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