

Academy Urges Medicare, Medicaid, and Social Security Reform Offering Constructive Advice

ANTICIPATING THAT ENTITLEMENT PROGRAMS would figure prominently in President Obama's Feb. 12 State of the Union address, the Academy issued a [news release](#) a day earlier that urged the president and Congress to look beyond simply cutting the budgets of Medicare, Medicaid, and Social Security. The focus, the Academy stated, instead should be on reforming these major direct-spending programs.

In his State of the Union address, the president said that he wants to take steps to reform Medicare that will also bring down costs, echoing advice the Academy has been giving to policymakers who are scrambling to find budgets to cut to reduce federal budget deficits.

The Medicare proposals that President Obama mentioned in his address to Congress included lowering taxpayer subsidies to prescription drug companies and possible means testing to reduce some benefits to the wealthiest seniors in order to cut the program's costs. Both are [options](#) the Academy has evaluated. Other proposals studied by the Academy include setting overall spending targets, raising the Medicare eligibility age, [shifting to a premium support system](#), and revising the program's [benefit design and cost-sharing features](#).

#SOTU

During the Feb. 12 State of the Union, the Academy sent out five tweets from its Twitter account reacting to the president's remarks in real time and amplifying the points made in a news release the Academy put out earlier in the day. It was a first step in expanding available channels for getting the Academy's message out in new and different ways, said Charity Sack, the Academy's new communications director (see profile below).

"We'll bring down costs by changing the way our government pays for Medicare, because our medical bills shouldn't be based on the number of tests ordered or days spent in the hospital," Obama said in his speech to Congress. "They should be based on the quality of care that our seniors receive. And I am open to additional reforms from both parties, so long as they don't violate the guarantee of a secure retirement."

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The New Face of Academy Communications

THE ACADEMY'S NEW COMMUNICATIONS DIRECTOR has worked her entire career in marketing and communications, including stints in both the music and movie industries.

"My big dream was to come out of college and be a big-time copywriter in advertising," said Charity Sack, who started work at the Academy in early February. "But that dream has led me to a somewhat kaleidoscopic career."

Early on, Sack worked at Columbia House, Doubleday Book & Music, and Republic Pictures, best known for westerns starring John Wayne, Gene Autry, and Roy Rogers. But her life changed after she received a master's of business administration (MBA) from the Stern School of Business at

New York University and then took an assignment at MBA Enterprise Corps—an organization similar to the Peace Corps that sends MBAs to emerging markets overseas to transfer business skills.

Sack landed in Estonia at a historic time, when the Russian troops were leaving and the Baltic nation was transforming from communism to capitalism. Her one-year stint stretched into a five-year stay, and she took part in the privatization of a Tallinn Hotel that was sold by the government to a private investor group.

"It was like warp-speed development that was a once-in-a-lifetime opportunity to witness and play a part in," she said. "I really was able to see the impact of what I was doing."



Charity Sack

When Sack returned to the United States, she started working at nonprofits, including the American Council on

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Actuarial Judgment

Feb. 14 webinar on disclosure in statements of opinion

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Qualified and Professional

A response to the NAIC on the definition and discipline of actuaries

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CMS Videos

Academy offers special access to videos on ACA regulations.

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Millennial Members

Meet the newest Academy members—average age, 31.

FEBRUARY

21 Webinar: The Relationship Between Medicare and Private Insurance Provider Payment Rates (Academy)

MARCH

8-10 NCOIL spring meeting, Washington

11-13 Seminar: Ratemaking and Product Management, Huntington Beach, Calif. (CAS)

13 Webinar: Post-Election Fallout/Impact: Pension and Health Care (Academy, CCA)

28 Webinar: Risk Evaluation and Risk Treatment in Enterprise Risk Management (Academy)

APRIL

6-9 NAIC spring meeting, Houston

7-9 Enrolled Actuaries Meeting, Washington (Academy, CCA)

15-16 Academy Health Practice Council Capitol Hill visits, Washington

16 Academy Executive Committee meeting, Washington

17 Webinar: Accounting Update (IAS 19) (Academy, CCA)

MAY

8 CUSP meeting, Washington

8-9 Academy Board of Directors meeting, Washington

18 Webinar: Professionalism: Assumptions (Academy, CCA)

CAS spring meeting, Vancouver, British Columbia

22 Webinar: Multiemployer Update (Academy, CCA)

31-June 1 NAAC meeting, New Orleans

JUNE

6-7 Seminar on Reinsurance, Southampton, Bermuda (CAS)

9-12 SOA health meeting, Baltimore

12 Webinar: Retirees/Inactive Buyout Schedules (Academy, CCA)

JULY

11-14 NCOIL summer meeting, Philadelphia

15 Academy Summer Summit, Washington

To continue receiving the *Update* and other Academy publications on time, remember to make sure the Academy has your correct contact information. Academy members can update their member profile at the member log-in page on the Academy [website](http://www.actuary.org).

Academy NEWS Briefs

Howdy, Neighbor

WAITING IN THE MAILBOXES of newly elected members of Congress, state legislators, and regulators as they assumed their duties in January was a welcome letter from Academy President Cecil Bykerk. The letter extended an invitation to take advantage of the Academy's expertise on public policy issues and contained links to a variety of public policy documents available on the Academy's [website](http://www.actuary.org).



The letter also previewed new Academy projects in the pipeline, including developing ways to ensure lifetime income, evaluating and securing the U.S. retirement system, defining normal retirement age in a defined benefit context, measuring climate change, and assisting in the implementation of health care and financial services reform. ▲

Honoring Richard Foster

IN A FEB. 1 PRESS RELEASE and in a half-page ad that ran in the Feb. 12 issue of *Roll Call*, the Academy honored Richard Foster, who retired from his position as chief actuary for the Centers for Medicare & Medicaid Services (CMS) at the beginning of February. Through his 18 years at CMS and previous 13 years as deputy chief actuary of the Social Security Administration, Foster devoted his entire actuarial career to improving the financial status of the nation's most important social insurance programs—Medicare, Medicaid, and Social Security.

“The Academy and the profession owe Rick a debt of gratitude for his service,” said Academy President Cecil Bykerk in the news release. “Rick’s objectivity and independence in the midst of an ever-changing political landscape often made his position as the top Medicare actuary challenging. His integrity, commitment to public service, and willingness to fight to preserve the availability of objective nonpartisan information for the nation’s policymakers and regulators serves as an example for the rest of the profession to follow.” ▲

Choose to Lead

THERE'S STILL TIME FOR ACADEMY MEMBERS to nominate themselves or others for consideration as an Academy regular director. Names can be submitted to the Academy's Nominating Committee. The Nominating Committee can reach out directly to members as well and ask them to seek election to the board as a regular director.

A petition process also will be available later in the year to carry forward the two-year experiment the board authorized for members. Look for more information in an upcoming issue of the *Update*. A member who would like to be considered for a regular director position is encouraged to let the Nominating Committee know by completing an [online form](http://www.actuary.org) for nominations. ▲

COI and CE Compliance

ALL ACADEMY MEMBERS who are members of an Academy board, committee, subcommittee, work group, or task force must acknowledge annually the Academy's conflict of interest (COI) policy and attest to their compliance with the continuing education (CE) requirements of the U.S. Qualification Standards. To comply, [log in](http://www.actuary.org) to the members-only page, and follow instructions there. ▲



IN THE NEWS

➔ The Academy's [Medicaid decision brief](#) is cited in the *Nashville Post's* "[Medicaid expansion leads chamber's list of legislative priorities](#)" and in an Op-Ed by James Wall, president of AARP North Carolina, in *fay-observer.com's* "[Expanding Medicaid—Insuring jobless](#)

[is right, costs less than their ER care.](#)"

➔ *Politico Pro's* article "States face challenges in moving high-risk, high-cost people into exchanges" cites the Academy's comments on the proposed HHS rule on reinsurance. This subscription-only article discusses the effect on premiums of mov-

ing individuals in state high-risk pools into the exchanges and how the front-loaded nature of the reinsurance mechanism may factor into states' strategies.

➔ A [letter](#) from three North Carolina representatives to its state House of Representatives and an *Indy-Week.com* [Op-Ed](#) cite the

Academy's Medicaid decision brief, "[Implications of Medicaid Expansion Decisions on Private Coverage.](#)"

➔ *AledoTimesRecord.com's* "[State of Illinois' record of shorting pensions goes back decades.](#)" references the Academy's brief, "[The 80% Pension Funding Standard Myth.](#)" ▲

Risk of Material Adverse Deviation Disclosure Webinar

Actuarial Judgment in Statements of Opinion



THE MAIN THEME TO EMERGE from Tom Ghezzi's webinar presentation about disclosing the risk of material adverse deviation (RMAD) in U.S. Statements of Actuarial Opinion (SAO) is that it's as much an art as a science.

"There's no connect-the-dots guidance," Ghezzi said. "You have to use your judgment and then justify to the regulator why you're saying what you're saying."

Ghezzi, a member of the Academy's Committee on Property and Liability Financial Reporting, offered his expertise in a Feb. 14 webinar that was jointly sponsored by the Academy and the Casualty Actuarial Society. The webinar covered the basis of RMAD disclosure, discussed materiality considerations and risk assessment, and provided sample wording for the SAO.

In his presentation, Ghezzi emphasized that actuaries need to keep the purpose of the SAO in mind when evaluating an RMAD.

"Solvency monitoring is the purpose for writing an SAO," he said. "It may be used for other reasons, but the appointed actuary must focus on solvency considerations." As a consequence, he said, the SAO must provide an opinion on held reserves, disclose relevant concerns, and flag material issues and risks.

Further, actuaries should keep in mind that regulators are the target audience, even though a company's board of directors and management also will receive the document. As a result, actuaries can presume the audience has knowledge of the industry, insurance accounting, and the company. "There is no need to include extensive explanatory narrative on these," he said.

Ghezzi made it clear that the SAO "does not tell the whole story." Reserves, he said, can be reasonable, and the company can still be in trouble. "'Reasonable' does not mean prudent, proper, adequate, or other terms used by some states." Those words, Ghezzi said, have no meaning in the world of the National Association of Insurance Commissioners (NAIC).

NAIC instructions require the actuary to "identify the materiality standard and the basis for establishing this standard." Ghezzi

pointed out that "it's not good enough to just say, 'There's a significant risk of material adverse deviation.' Regulators want to know what the actuary knew about the company to think that there are risks. And if there are no risks, why?"

But the actuary should be careful not to overdo it. "You don't have to list every conceivable risk," Ghezzi said. "The regulator knows that things can go wrong. Your job is to bring attention to the most significant risks."

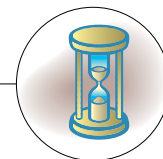
Because this can be complex, Ghezzi advised actuaries to separate the evaluation of what is material from what is significant risk. "I see a lot of confusion in doing RMADs about how we evaluate materiality and risk," he said. "It doesn't matter if risks exist; you have to figure out how much is material. Are there risks and uncertainties that would cause adverse deviation? You must treat them as separate decisions."

This isn't always easy because there are no hard-and-fast definitions for either. When it comes to materiality, for example, "there are bits and pieces of information but no specific guidance on how much is material," said Ghezzi. "You have to make up your own mind when writing the RMAD. If you think that a deviation of 25 percent of surplus would make the regulator think of the company differently, then that's material."

As for risk, the RMAD disclosure is intended to identify "significant" risks. Yet again, there's no real consensus on what "significant" means. Ghezzi said that the accounting terms of "probable," "reasonably possible," and "remote" can be used as a guide. "'Significant' likely includes the first two but not the third," he said. "If there's a remote possibility of something happening, it's hard to call that a significant risk. 'Significant' is in the eye of the beholder."

Ghezzi reiterated throughout the webinar that because of the role that interpretation plays in writing an opinion, it's critical for the actuary to be explicit. "Have the opinion stand on its own so the regulator doesn't have a lot of questions about what you really meant." Similarly, he told participants to "take whatever approach you're going to use and tailor it to the situation at hand. It can't be boilerplate. You have to gear it toward the company." ▲

—LAURA MULLANE



Calibrating Investment Risk



IN A FEB. 12 [LETTER](#) to the National Association of Insurance Commissioners (NAIC), the Academy's C1 Work Group urged delaying the recalibration of credit ratings and their modifiers into a new set of NAIC designations until analysis on the investment risk component of the life risk-based (RBC) capital formula (C1 component) is completed.

In its comments, the Academy work group focused on the timing of the proposal by the NAIC's SVO Recalibration Project rather than its technical merits. The work group suggested that the proposed recalibration of ratings and their modifiers into a new set of designations was premature given the ongoing nature of Academy and NAIC efforts to review the C1 RBC formula and its individual factors, particularly life insurance company bond capital. ▲

LIFE BRIEFS

- ➔ **Mary Elizabeth Caramagno**, vice president of tax for Prudential Insurance Co. in Newark, N.J., has joined the Life Valuation Subcommittee.
- ➔ **Xiaobo Zhou**, assistant vice president and senior risk manager for Hartford Life in Simsbury, Conn., has joined the Asset Adequacy Analysis Practice Note Committee.
- ➔ **Sheldon Summers**, an actuary with Claire Thinking Inc. in Canyon Country, Calif.; and **Barbara Lautzenheiser**, a principal at Lautzenheiser and Associates in East Hartford, Conn., have joined the Life Practice Council.
- ➔ **Laura VanderMolen**, an assistant actuary for Allianz Life Insurance Co. of North America in Minneapolis, has been appointed vice chairperson of the Annuity Illustration Work Group.
- ➔ **David Berger**, vice president of risk management for Ameriprise Financial Inc. in Minneapolis, has joined the C1 Work Group.

Defining and Disciplining Actuaries



FOUR ACADEMY VICE PRESIDENTS joined together to [comment](#) to a subgroup of the National Association of Insurance Commissioners (NAIC) on its charges from the NAIC to create a definition of what is a “qualified actuary” and to recommend a process for addressing “unprofessional” actuarial work.

In a Feb. 12 letter to the NAIC's Joint Qualified Actuary (A/B/C) Subgroup, Casualty Vice President Mike Angelina, Life Vice President Cande Olsen, Health Vice President David Shea, and Professionalism Vice President Karen Terry agreed that the development and adoption of a consistent definition of “qualified actuary” was an appropriate goal. The Academy, however, was concerned that any attempt at a uniform definition that was more specific wouldn't reflect important distinctions among the various practice areas.

In their letter, the Academy representatives reiterated their preference for the following language, which the Academy has recommended in the past for the any state laws, rules, or regulations attempting to define “qualified actuary”:

An actuary who is a member of the American Academy of Actuaries and qualified as described in the U.S. Qualifications Standards (promulgated by the American Academy of Actuaries) and the Code of Professional Conduct to render statements of actuarial opinion in the applicable area of practice.

In the matter of addressing inappropriate or unprofessional actuarial work, the Academy representatives reminded regulators that through many years of service by the Actuarial Board for Counseling and Discipline, a long-established process already exists for the discipline of credentialed actuaries. ▲

RISK MANAGEMENT AND FINANCIAL REPORTING BRIEFS

- ➔ Joining the Academy's Risk Management and Financial Reporting Council are **Darrell Knapp**, executive director at Ernst and Young LLP in Kansas City, Mo.; **Steve Malerich**, assistant vice president and actuary for Aegon USA Inc. in Cedar Rapids, Iowa; **Mike Angelina**, chief actuary and chief risk officer for Academy Risk Management and Insurance in Philadelphia; **Patricia Matson**, vice president for Massachusetts Mutual Life Insurance Co. in Springfield, Mass.; and **Sheldon Summers**, an actuary with Claire Thinking Inc. in Canyon County, Calif.
- ➔ **Patricia Matson** is also joining the ERM Committee and has been named chairperson for the Own Risk and Solvency Assessment (ORSA) Subgroup.

PROFESSIONALISM BRIEFS

- ➔ **Pamela Means**, a principal at Means and Associates LLC in San Diego, has joined the Committee on Professional Responsibility.



Tune In to Health Reform

MEMBERS OF THE ACADEMY are being given special access to informative videos created by the Centers for Medicare & Medicaid Services (CMS) on regulations implementing certain provisions of the Affordable Care Act (ACA).

The Department of Health and Human Services recently released proposed rules for the new health insurance marketplaces scheduled to begin operation on Jan. 1, 2014. The proposed rules cover areas such as market reform, essential health benefits, actuarial value, risk adjustment, transitional reinsurance, and risk corridors.

To assist actuaries in interpreting the proposed rules, the CMS created a series of short video modules. The modules, which can be downloaded, run eight to 10 minutes; Currently about 25 modules are available.

To download the modules from the CMS, log in to the Academy's [member page](#) and select the link for ACA Regulation Review Videos. ▲



Risks to Health RBC

THE ACADEMY'S HEALTH SOLVENCY WORK GROUP submitted a [letter](#) on Feb. 7 to the National Association of Insurance Commissioners Health Risk-Based Capital Working Group analyzing possible risks caused by the Affordable Care Act (ACA) as it relates to health risk-based capital (RBC).

The risks that were studied reflected the many unknowns of the new law, including who will be covered and how effective the ACA's risk mitigation mechanisms will be. After reviewing the risks, the Academy work group concluded that the effect of risk adjustment was not significant enough at present to warrant a change in the existing health RBC formula. ▲

Mark Your Calendars

Life and Health Qualifications Seminar

Nov. 11-14, 2013

Key Bridge Marriott, Arlington, Va.

The Life and Health Qualifications Seminar offers state- and country-specific basic education that may not have been provided as part of the Society of Actuaries examination process or acquired through subsequent testing or alternative education. It also can serve as a basic education refresher or as a source of continuing education for more experienced actuaries as required under the specific Qualification Standards.

HEALTH BRIEFS

- ➔ Joining the Academy's Individual Disability Table Work Group are **Carl Desrochers**, vice president and actuary for the Guardian Life Insurance Co. of America in Pittsfield, Mass.; **Jay Barriss**, an actuary from MassMutual Financial Group in Springfield, Mass.; **Marianne Purushotham**, corporate vice president for LIMRA in Windsor, Conn.; **Kathryn Campbell**, an actuary with Northwestern Mutual in Milwaukee; **David Wall**, a consultant for Towers Watson in Weatogue, Conn.; **John Luff**, an experience studies actuary with the Society of Actuaries in Schaumburg, Ill.; **Todd Peterson**, second vice president and associate actuary for Standard Insurance Co. in Portland, Ore.; **Mark Seliber**, an assistant vice president and actuary for MetLife in New York; **Jonathan Stinson**, director and assistant actuary for Standard Insurance Co. in Portland, Ore.; **Nathan Worrell**, a staff actuary with Ameriprise Financial Inc. in Minneapolis; and **William Obert**, vice president of individual valuation for Unum in Chattanooga, Tenn.
- ➔ **Robert Jordan**, government actuary with Blue Cross Blue Shield of Arizona in Phoenix, has joined the Rate Review Practice Note Work Group; and **Audrey Halvorson**, chief actuary for Blue Cross Blue Shield of Arizona in Phoenix, has been named chairperson.
- ➔ **Michael Cook**, a consulting actuary for Milliman Inc. in Brookfield, Wis., has joined the Medicaid Work Group.
- ➔ **William Harrington**, an actuarial senior director for CIGNA in Philadelphia, has joined the Medical Loss Ratio Subgroup.

Meet the Millennials

IN THE SECOND HALF OF 2012, 341 actuaries took a step forward in their professional journey and joined the Academy.

With an average age of 31, these new members confirm the arrival of the millennial generation into the actuarial profession.

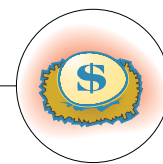
Among this latest batch of Academy members, men still outnumber women. But the gap is closing, with women making up almost 39 percent of the total. Actuaries who identify health as their area of practice make up the largest portion of new members, followed by life actuaries, casualty actuaries, pension actuaries, risk management actuaries, and those who list themselves as working in other areas.

Counting this newest crop, the Academy as of Dec. 31, 2012, boasted 17,397 members.

Kirsten G. Aagesen	Anittah Charles	Kristen E. Dyson	Ran Huang
Sean Abate	Hailin Chen	Jennifer L. Edwards	Alexandra Hyten
Hitomi Abe	Henry Hai-Tao Chen	Ben Eggleston	Hin Shing Ip
Jennifer M. Allen	Sa Chen	Janet S. Eisenberg	Soojin Jang
Rachelle Altenhofen	Xiaozhe (Sarah) Chen	Michael L. Elliston	Natalie M. Jankowski
Diego Fernando Antonio	William J. Christie	Ryan Empey	Derek M. Jansen
Hiroyuki Arai	Albert G. Chua	Jonathan G. Eshelman	Ismail A. Jarik
Colleen P. Arbogast	Jeff Chuang	Cathy Ye Fan	Xiaoxiao Jiang
Jason M. Ard	Peichen Tsai Chuang	Matthew Fanning	Nicholas J. Johnson
Mark Atkinson	Jiwon Chung	Susan J. Feightner	Geoffrey S. Jou
Erik Axelsen	Steven A. Clark	Robin B. Fichtelberg	Ilya Kagan
Joshua W. Axene	Robert A. Clough	Aaron M. Fields	Kyle Andrew Kalmbach
Christopher J. Bagwell	Adam W. Coburn	Elizabeth A. Foreman	Michael R. Kelley
David S. Baksi	Allan M. Cohen	Natalie R. Foreman	Susan J. Kennedy
Ajanthan S. Balasinkam	Allison J. Colberg	Timothy J. Gaugler	Zachary P. Kertzman
Sophia C. Banduk	Brenton Colbert	Dr. Andrew S. Getter	Benjamin Keslowitz
Brendan Barrett	Richard Colea	Elizabeth A. Gilbert	Asad Khalid
Mark A. Barrett	Dorene Ann Conlon	Heidi K. Givens	Anand Khare
Matthew R. Belter	Peiling H. Connor	Ryan D. Givens	Roy Kohl
Daniel Berning	Erin E. Conrad	John Peter Glauber	Noah Kohn
Manoj Bista	Robert Cornely	Rathi Govind	Yibing Kong
Katherine F. Blomgren	Adam Craghead	Benjamin C. Grasel	Cynthia Carmel Konopelski
Nicole Bobko	Lindsay Marie Crane	Karen A. Grote	Uri A. Korn
Rashel A. Boeve	Cory Crawford	Stephanie M. Haag	Matthew J. Kramer
Raju Bohra	Arpita Das	Michael A. Haas	Stephanie A. Krob
Zachary T. Brogadir	Gary Deeth	Jillian E. Hagan	Rena Kuliyeva
Sarah L. Bryant	Denise C. DeFinis	Craig Hallermann	Ida S. Kwok
Puneet Budhiraja	William T. Derech Jr.	Kyle M. Harman	Cristie L. Labus
Ngoc -Tram V. Bui	Michael J. DeSimone	Jonathan Hassen	Steve Lafser
Jennifer Alisha Butler	Seth J. Detert	Megan Marie Hayes	Rowena Wing-In Lai
Charles D. Cadman	James Giang H. Do	Sabrina S. Hendrick	Melissa Lamartino
Abigail J. Caldwell	Michael F. Dodge	Christopher J. Hessenius	Brent J. Langland
Breann L. Cartwright	Jessica B. Donaho	Kirk Higgins	Isaac Kobena Larbi
Hanah Chae	Joseph Dowgielewicz	Andrew E. Hodgson	Elizabeth M. Larson
Ming Yan Judith Chan	Michael D. Draper	Zachary Hoffman	Emile Latour
Amy M. Chang	Peter Duellman	Weijie Hu	Gordon J. Latter
Jena Chang	Matthew R. Duke	Liaw Huang	
Robert Chang	Daniel J. Dunkelberger	Michelle L. Huang	

SEE **NEW MEMBERS**, PAGE 7

Julie A. Lederer	Richard H. Mueller	Michael Rutkowski	Sarah Tharnish
Charles C. Lee	Michael Nam	Zachary Rutledge	Sean M. Thomas
Alexander S. LeFevre	Stephanie Nee	Christopher M. Ryan	David Thompson
Hang Chi Leung	Kathryn M. Nelson	Jonathan Satiin	Kathleen Topper-Swain
Catherine E. Lewis	Kai-Ting Neo	Eric M. Saylor	Melany K. Tower
Matthew Wyn Lewis	Kent M. Newcomb	Nicholas Schadt	Seth Truka
Victor Li	James Nick	Samuel C. Schauf	Jennifer Turk
Xuan Li	Tim J. Nicklien	Craig T. Schommer	Timothy M. Umlauf
Yanli Li	Samantha L. Nieveen	Pamela R. Schrier	Helen Vande Hei
Yuanyuan Li	Rebecca E. Ochs	Chris M. Schumacher	Karen Verber
Yuwei Li	Ryan J. Olson	Eugene Schwartz	Mark Vildgorn
Karmen L. LiaBraaten	Christine M. O'Neal	Yonasan Schwartz	William G. Von Peters Jr.
David M. Liebert	Matthew R. Ostiguy	Collin Sell	Kimberly A. Walker
Hai Ling	Siew Chen Ow	Rijing Shen	Jennifer Wang
Joseph Liss	Robert Owen	Jon David Shiley	Yi Wang
Helen Lloyd-Williams	Jaime F. Packer	Richard Shimada	Kaitlin Marie Weber
Katherine Long	John Park	Sarah Siwen Shirk	Erik Rodney Wheeler
Veronica Lorenz	Ivan Parker	Anthony Alex Silva	Noel Whitehurst
Ruinan Lu	Jordan C. Paulus	Maleta W. Simek	Christopher A. Whitney
Lisa Ping Luo	Matthew Stephen Peach	Ka Ho Sit	Emily M. Wilkes
Dongling Ma	Kevin Peake	Eric M. Sligay	Tiffany E. Wills
Jinbing Ma	Eric T. Pedersen	Benjamin M. Slutsker	Megan Wilson
Scott W. Mack	Elizabeth Aquino Pérez	Robert J. Smatlak	Cari Winebrenner
Nanci L. Maguire	Eric Pers	Andrew Z. Smith	Pui Y. Wong
John D. Mahoney	Robert Charles Peterson	Christopher C. Smith	Stacey M. Woods
Kevin O. Manning	Kevin Piotrowski	Deborah M. Smith	Casey Word
Emil Marinescu	David J. Pittman	Kevin R. Smith	Joel M. Wurtzel
Cipriano Mascote	Jared Porter	Leigh Ann Soltis	Michael A. Wykes
Brian J. Mathews	Gregory Paul Pudenz	Kevin S. Spanier	Ai Yan Shirley Wu
Bradley A. Mendel	Douglas Punt	Brandon L. Steinbrook	Bing YuHsiang Wu
Joseph Menta	Jennifer Purgatorio	Thomas J. Steiner	Daniel L. Wylam
Melissa D. Mertz	Alon Raff	Bradley T. Stelzer	Lisa M. Wylam
Stephanie Marie Traudt	Daniel J. Rakers	April Dawn Stepp	Yu Xiang
Messier	Syed Hussain Raza	Bryan M. Stewart	Wei Xie
Adam R. Meyer	Tyson R. Reed	Rebecca Stob	Xu Xuan
Terrence David Meyer	Christina P. Reich	Nicholas Allen Stremmlau	Yijuan Yan
Nam Michael	Melissa Anne Reseck	Laura Stromberg	Ning Yang
Simon Michellepis	Annalyn B. Reyes	Jason D. Stubbs	Michael D. Yannick
Christopher J. Michener	Jennifer L. Rhein	Myung Ki Suh	Jonah D. Yearick
Jeffrey Milton-Hall	Ronald Noel Roberts III	Jesse A. Sulfridge	John Wellington Zalewski
Michael H. Miniaci	Julian Marcus Robinson	Kelly A. Sullivan	Lori Zeringue
Kathryn Misewicz	Daniel Roe	Xiaowei Sun	Xiyuan Zhang
Austin R. Mitchell	Ryan Roebuck	Pawel Szeszko	Andrew M. Zmich
Sergei V. Mordovin	Christopher Rohde	Chien-Ling Tai	Quncaï Zou
Brandon R. Morgans	Jason Rohlfs	Kara R. Tandy	
Heather Morrison	Nicholas J. Rooney	Cynthia J. Tang	
Gregory Moyer	Timothy P. Roy	Travis R. Tangeman	
Hong Mu	Jared F. Rubinstein	Todd N. Tauzer	
Mundia Mubyana	Stephanie D. Rummel	Meredith Taylor Tarver	

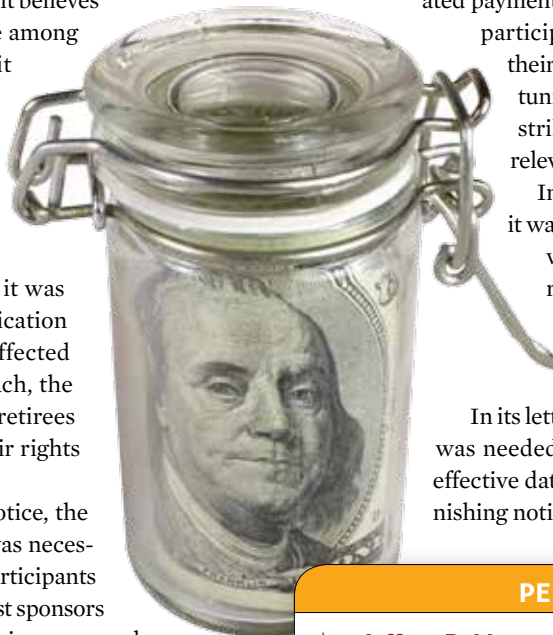


Academy Applauds IRS Notification Requirements

HAILING AN APPROACH that it believes will greatly simplify compliance among single-employer defined benefit plan sponsors, the Academy's Pension Committee applauded benefit restriction notification requirements under Section 101(j) of ERISA as detailed in IRS Notice 2012-46.

In its Feb. 5 [letter](#) to the Internal Revenue Service (IRS), the committee said it was common sense to require only the notification of participants who could be directly affected by a benefit restriction. Such an approach, the committee said, would avoid confusing retirees with information that doesn't affect their rights under a pension plan.

In more specific comments on the notice, the committee said it didn't believe that it was necessary to require plan sponsors to notify participants when restrictions cease to apply since most sponsors would communicate this information of their own accord. Notice 2012-46 doesn't require a warning on the lifting of benefit restrictions except in situations in which restrictions affected acceler-



ated payment forms and the plan automatically offers participants whose choices were restricted at their original annuity starting date the opportunity to make new elections. This approach strikes the proper balance in the release of relevant information to participants.

In a similar vein, the committee stated that it wasn't necessary to require periodic notices when benefit restrictions continue or to require notices for new participants, beneficiaries, or alternate payees (assuming disclosure is made on the annual funding notice).

In its letter, the committee suggested clarification was needed in the area of range notifications, the effective date of the notice, and the deadline for furnishing notices to participants. ▲

PENSION BRIEFS

➔ **Jeffery Rykhus**, an actuary from Los Angeles, has joined the Social Security Committee.

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While lumped together in the category of entitlements, Social Security, Medicare, and Medicaid are distinct programs with different funding mechanisms, eligibility requirements, and payout methods. These programs face long-term financial challenges, but the Academy believes that policymakers have time to develop solutions if they begin their work now. Further delays in making tough decisions will only lead to more drastic choices later to shore up the programs' financial solvency and sustainability.

The business-as-usual trade-offs that result from budget battles could do far more harm than good if they pit decisions on sustaining Medicare or Social Security for future generations of beneficiaries against discretionary spending growth and tax reform, the Academy said in its news release.

"Simply cutting budgets without making meaningful reforms is a wasted opportunity," said Academy President Cecil Bykerk. "By the same token, the Academy favors a catalyst that breaks the legislative logjam and brings the parties together to tackle the challenges facing the long-term financial health of these programs."

Obama was largely silent on reforms to Social Security, although he said he opposed large cuts to the program.

The Academy has [recommended](#) that policymakers start their work to restore financial balance to the program by increasing the normal retirement age. Americans are living much longer than expected when Social Security was created in 1935, and this has

raised the program's costs substantially. Other possibilities for [bringing Social Security into actuarial balance](#) include adding means testing to limit benefits to wealthy retirees, raising the payroll tax rate or cap, and changing the tax on Social Security benefits.

In recognition of the fact that public programs are only part of the challenges facing Washington policymakers in areas of retirement security and health care, the Academy has recommended that the president and Congress also should focus on:

- ➔ Retirement Income—As employers have transitioned away from traditional defined benefit plans, responsibilities for managing these retirement risks have shifted to individuals and their families. This trend requires new public policies to better enable employees and retirees to understand and manage these risks. Policy principles are needed to establish a new framework designed to increase lifetime income options that will aid Americans in managing these retirement risks.
- ➔ Health Cost Growth—Curbing health care costs over the long term could help slow the growing costs of Medicare and Medicaid. Health reform should encourage health care payment and delivery systems to focus on cost-effective and high-quality care, which can potentially reduce long-term spending growth. Policymakers need to support initiatives that [reduce the growth of health care spending](#), not only in Medicare and Medicaid but in the health care system overall. ▲

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2013 ENROLLED ACTUARIES MEETING

April 7-10 | Marriott Wardman Park Hotel | Washington

Register now for the 38th annual Enrolled Actuaries Meeting, sponsored by the American Academy of Actuaries and the Conference of Consulting Actuaries.

Take advantage of an extensive array of educational sessions, complete your continuing education credits for the 2011-2013 enrollment cycle (including those pesky ethics and core credit requirements), and catch up with old friends and colleagues.

Seminars available before and after the meeting include:

- ➔ Professional Standards/Media Response Seminar (April 7);
- ➔ 2013 Pension Symposium: Outlook for Private Sector Pension Funding (April 10-11).

For more information and to register, go to www.enrolledactuaries.org.

WEBINAR ON ASOP NOS.46-47

RISK EVALUATION AND RISK TREATMENT IN ENTERPRISE RISK MANAGEMENT

March 28, 2013 | Noon-1:30 p.m. EST

Find out what you need to know about two newly adopted actuarial standards of practice (ASOPs) relating to Enterprise Risk Management (ERM):

- ➔ ASOP No. 46, *Risk Evaluation in Enterprise Risk Management*, which provides guidance on designing, developing, implementing, using, maintaining, and reviewing risk evaluation systems;
- ➔ ASOP No. 47, *Risk Treatment in Enterprise Risk Management*, which provides guidance on determining risk tolerance, choosing risk appetites, setting risk limits, and performing risk mitigation activities.

The effective date for both standards is May 1, 2013.

For more information and to register, [click here](#).

Nominations Solicited

The Actuarial Foundation is now accepting nominations for the distinguished John Hanson Memorial Prize, which recognizes the best paper addressing an employee benefits topic. For more information about submissions, visit the foundation's website. The nomination deadline is June 1, 2013.

INSURANCE LEGENDS' GOLF CLASSIC

There's still time to register for the 2013 Insurance Legends' Golf Classic, March 3, 2013, at the Bali Hai Golf Club in Las Vegas. Register today and play at one of America's top-rated golf courses while networking with colleagues gathered for the ReFocus Conference.



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Education and, most recently, NCB Capital Impact, a nonprofit community development financial institution that raises capital to develop affordable housing, health care centers, charter schools, and food retailers in low-income areas. There, she created communications strategies and plans to build Capital Impact's corporate reputation and worked with an assortment of new media, including Twitter, Facebook, and YouTube.

Part of what drew Sack to the Academy was its reputation for putting out expert information on major government programs that affect most Americans' lives. She hopes to leverage her communications background to expand the Academy's reach to policymakers and the media using both traditional and new media channels—further strengthening the Academy's brand.

"The entertainment world was fun, but the nonprofit world is about contributing something of lasting value," she said. "What drew me to the Acad-

emy is my deep appreciation for informed decision-making. Realistic and unbiased analysis and policy recommendations on topics that affect all Americans is something I wanted to be a part of." ▲

Charity Sack

- ➔ Is a native of Maryland and currently lives in Takoma Park, Md.
- ➔ Earned her undergraduate degree in journalism from West Virginia University.
- ➔ Co-founded the American Chamber of Commerce in Estonia.
- ➔ Helped privatize a former Soviet Union hotel in Estonia.
- ➔ Enjoys hiking and biking.
- ➔ Is a competitive bridge player.