

Roundtable: Financial Economics and the Traditional Actuarial Paradigm 18 November 2004

The Joint SOA/AAA Task Force on Financial Economics and the Actuarial Model is sponsoring a roundtable for leaders in the pension community regarding the position on financial economics in the actuarial paradigm. What is our understanding of the concepts? Some believe financial economics is playing an ascendant role in accounting and financial analysis. Is it appropriate for it also to play this role in actuarial practice? If so, how might they be incorporated into actuarial practice?

Jeremy Gold will moderate our discussion. He will provide an overview of basic themes and then moderate discussions on whether financial economics principles ought to shape the traditional actuarial paradigm, focusing on the following themes:

- Funding: Is full funding rational for all players?
- Accounting: Will users accept anything but market?
- Investing: Stocks or bonds?
- Plan Design: How may DB plans be revitalized in a transparent world?

In order that we don't rehash basic ground we ask that all participants read and thoroughly understand the following papers. Agreement is not necessary but accurate understanding is. This will allow us to move quickly and keep to the heart of the discussion without getting lost in basic education. Please let Emily Kessler know if you're not able to access the papers using the links provided.

- Larry Bader, "The Case Against Stock in Corporate Pension Funds," *Pension Section News*, February 2003 <http://library.soa.org/library/sectionnews/pension/PSN0302.pdf>
- Jeremy Gold and Nick Hudson, "Gentlemen Prefer Bonds," *Journal of Applied Corporate Finance*, Autumn 2003. <http://users.erols.com/jeremygold/papers.html>

The roundtable will be held on

Thursday 18 November 2004,
9.30 a.m. – 4.00 p.m.

at the offices of

New York Life
51 Madison Avenue (27th & Madison)
New York NY 10010

The meeting room will be Madison Rooms (A&B)
Breakfast and lunch will be provided.

Please RSVP to Susan Martz at the SOA offices at 847/706-3558 or smartz@soa.org. Space is limited. Questions about content may be directed to Emily Kessler at the SOA offices at 847/706-3530 or ekessler@soa.org.