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To: [RegComments](#)
Subject: Feedback for Regulatory Planning and Review of Existing Regulations
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Importance: High

The **weakest link in the entire Defined Benefit Pension process is the interest rate assumed by the actuaries** in their annual funding adequacy review.

It can be easily demonstrated (that with all other things being the same), if one assumes an overall 30 year 8% annual investment return rate when only 5% can be justified by current financial market conditions, then at the end of a 30 year funding period, the pension plan will have only HALF of the required funds!!!!

To my knowledge, there is currently NO effective regulatory oversight which prevents this ongoing folly of assuming unsupported long-term interest rates!!!!!!

In this weak pension regulatory environment, I'm surprised that there are not unscrupulous actuaries and pension plan managers who try to use a 10% or 12% assumed long term interest rate in order to make their materially underfunded pensions plans appear to be fully funded. I'm surprised that some state legislatures have not tried to do this with respect to their underfunded public pension plans. Who would stop them if they did so?????!!!!!!

If nothing else, there should be a regulatory dictated maximum allowable assumed long term interest rate and the PBGC's insurance rates should increase dramatically as a pension plan's assumed long term interest rate approaches this maximum.

Further, EVERY PENSION REGULATOR SHOULD READ THIS!!!!

<http://www.mauldineconomics.com/frontlinethoughts/angst-in-america-part-4-disappearing-pensions>

Every Pension Regulator should ask the Federal Reserve how the FOMC's long term Zero Interest Rate Policy has benefitted the solvency of pension plans????

RR



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