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April 9, 2018

Sent by email to paperwork.comments@pbgc.gov

Regulatory Affairs Division
Office of the General Counsel
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington, D.C. 20005-4026

Re: Collection of Information: Survey of Nonparticipating Single Premium Group Annuity Rates (OMB control number 1212-0030)

Dear Sir or Madam:

Thank you for the opportunity to respond to your recently published request for comments: "Proposed Submission of Information Collection for OMB Review; Comment Request: Survey of Nonparticipating Single Premium Group Annuity Rates (OMB control number 1212:0030)." The request for comments notifies the public that the existing control number expires May 31, 2018, and solicits public comment on the collection of information. The American Council of Life Insurers conducts this voluntary survey for Pension Benefit Guaranty Corporation (PBGC).

Segal is a major provider of actuarial, employee benefits, and human capital consulting services to employers and employee benefit plans throughout the United States, and provides actuarial services to more multiemployer pension plans than any other consulting firm. The results of the survey are of great interest to Segal. We strongly encourage PBGC to continue its quarterly survey of insurance company annuity rates and publication process.

Importance of Survey

Plan sponsors and advisors have a number of situations where an estimate of the cost to annuitize pension benefits is of value. These include the following:

- Employers and Trustees considering the implications of a multiemployer plan mass withdrawal (for which PBGC annuity rates must be used);
- Withdrawal liability determinations that are based in whole or in part on the estimated cost to settle a withdrawing employer's share of a multiemployer plan's unfunded vested benefit obligations;

- Estimating funding targets required to terminate a single-employer plan;
- Observations of estimates inherent in market data under ASOP No. 27 *Selection of Economic Assumptions for Measuring Pension Obligations*;
- “Market value” pricing of transfers of pension obligations in mergers and acquisitions;
- Estimating claim amounts in bankruptcies;
- Purchases of pension service in public employee pension plans; and
- Change of control provisions in agreements covering senior executives of corporations.

Suggested Changes

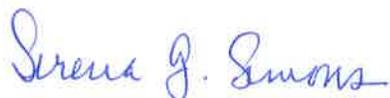
Publication of Actual Discount Rates

The value of the survey would be enhanced if it were possible for PBGC to request and publish the discount rates actually used by insurers, rather than only publishing the backed-into rates that match insurers’ premiums, using the mortality table that PBGC adopted under the 4044 regulations. Actuaries routinely differentiate their mortality assumptions by occupation, gender, benefit amount, plan experience, plan size, and duration of liabilities; the aggregation of insurer approaches to mortality may be markedly different from the plan sponsor actuary’s assessment for a specific population. It would improve accuracy if it were not necessary to estimate an adjustment to the PBGC’s published discount rates to reflect differences between the PBGC’s chosen mortality table and the mortality that the actuary believes an insurer would use in a particular set of circumstances.

New Business v. Book of Business

Finally, we question whether the value of an insurer’s group annuity book of business is the best available measure of that insurer’s current activity in the group annuity market. We suggest that the proposed addition to the survey relate to recent new business sales, as opposed to a cumulative measure that could relate predominantly or solely to sales in the distant past.

Thank you for the opportunity to comment. If you need further information, please contact Eli Greenblum, Senior Vice President & Chief Actuary, at egreenblum@segalco.com or 202.833.6480 or me, at ssimons@segalco.com or 202.833.6472.



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