

# *investment* GUIDES

## Editor's Letter

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## FROM THE EDITOR

Longevity risk is one of the most significant challenges facing retirement planning around the world. The aging population and increased life expectancy, coupled with uncertainty about government benefits, make this a very complex issue.

With our goal of providing a valuable reference tool to educate market participants on the latest developments on pension risk transfer, we present the 6<sup>th</sup> annual installment of the guide to *Pension and Longevity Risk Transfer for Institutional Investors*.

The guide includes discussions about the current views on longevity risk solutions such as:

- How the stock market reacts to annuity buy-out announcements and examination of whether the market reaction is different for small firms, those with high levels of credit risk, and large relative deal sizes.
- Practical ways that DB plan sponsors can reduce pension risk and simultaneously enable the retirement outcomes intended for the plan through partial annuitization and other lifetime income options.
- Recommendations for accelerating pension funding and de-risking ahead of potential tax reform, and generating significant economic benefits while securing pension promises.
- Exploration of why sponsors of U.S. pension and retiree welfare plans should consider reviewing their mortality assumptions to inform decisions, improve reporting, and minimize certain plan costs.
- Evaluation of how the PEPP (Personal European Pension Product) could be regulated.
- Utilization of a multi-stage stochastic program to model and solve the optimal asset allocation problem during the wealth distribution stage of the life-cycle.
- A proposal that all government pension plan participants be given accurate information about the funded status of their pension, and that, at the discretion of the plan sponsor, retirees and older workers be given the voluntary option to take their pensions as a lump sum, discounted according to the funded status of the plan.

As always, we hope you find the information presented in the Guide useful and insightful.

**BRIAN R. BRUCE**  
Editor

# PENSION & LONGEVITY RISK TRANSFER

for INSTITUTIONAL INVESTORS

FALL 2017

## A B O U T   T H E   E D I T O R

**BRIAN R. BRUCE**

*Editor*

**B**rian is CEO and Chief Investment Officer of Hillcrest Asset Management, an institutional equity management firm based in Plano, Texas.

Previously, Brian was Chief Investment Officer in charge of equity management and research at PanAgora Asset Management. Prior to joining PanAgora, Brian was a professor at Southern Methodist University and President and Chief Investment Officer of InterCoast Capital, a Dallas-based subsidiary of a Fortune 500 energy company. He previously worked at State Street Global Advisors, the Northern Trust Company, and Stein Roe & Farnham.

Brian received his MBA from the University of Chicago, MS in Computer Science from DePaul University, and a BS in Business Administration from Illinois State University. He is a member of the Illinois State University College of Business Hall of Fame and is winner of the University of Chicago Graduate School of Business CEO Award.

Brian has published numerous scholarly articles and books including, “Analysts, Lies, and Statistics,” which he co-authored with former Harvard Business School professor Mark Bradshaw. He is also the Editor-in-Chief of Institutional Investor’s *The Journal of Investing*, Editor of *The Journal of Trading*, Editor of *The Journal of Index Investing*, and Editor of the *Journal of Behavioral Finance*. Brian frequently appears in the media, including NBC, ABC, CNBC, *The Wall Street Journal*, Bloomberg, *The Washington Post*, *The New York Times*, Associated Press, Reuters, *The Financial Times*, and *Business Week*. Brian also serves on many boards of directors, including The Center for Investment Research, Cushing® Closed-End Funds, the CM family of mutual funds, and the Institute of Behavioral Finance.

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