

Press Release

November 19, 2014

Today, Altman & Cronin Benefit Consultants, LLC, in conjunction with the accounting firm Moss Adams LLP, conducted a webinar on the implementation of the RP-2014 mortality tables (with MP-2014 projection scale) for plan sponsors use at their upcoming fiscal year ends. Of the approximately 120 participants on the call, three-quarters were in-house finance and accounting personnel, 15% were other in-house personnel (HR, legal, etc.) and 10% were external consultants.

The group was surveyed about when they would adopt the new mortality tables for their financial reporting. Of nearly 20 participants with fiscal year ends before 12/31/14, roughly 40% said they would be adopting new mortality tables for their upcoming reporting, while 60% said they would be deferring adoption of the new tables. Interestingly, for the 55 participants with calendar fiscal years, the majority also indicated they would not be adopting the new tables as of December 31, 2014. Even for the 45 participants with fiscal years ending after December 31, more than half indicated that they would not adopt the new tables in their current fiscal year. This result, indicating that only a minority of plan sponsors intend to adopt the new mortality tables for their upcoming fiscal year end reporting, will be surprising for many pension professionals.

After a discussion about how the tables are intended to be customized by plan sponsors (especially large sponsors), the group was surveyed on whether they expect to adopt the “recommended” tables and scale, or they will customize the adopted tables. About 70% of the group expected to adopt the recommended tables, while 30% indicated intent to customize the adopted tables.

Finally, after a discussion on life expectancy trends, the group was asked if they believe that people will all die by a specific age (currently assumed to be age 120), if they thought life expectancies would continue to increase over time, or if eventually people will live forever. The group was roughly split evenly between those who think there is a fixed ultimate lifetime, and those who expect continued increase in life expectancies into the future. Only two people indicated that they expect that humans will eventually live forever.

Altman & Cronin Benefit Consultants, LLC is a boutique actuarial and consulting firm headquartered in San Francisco, CA. They specialize in advising clients about the design, funding and administration of qualified and non-qualified retirement plans. Inquiries can be addressed to: (415) 395-9300 or info@altmancronin.com.