



# SOCIETY OF ACTUARIES

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October 23, 2014

James A. Klein  
President  
American Benefits Council  
1501 M Street NW, Suite 600  
Washington, DC 20005

Dear Mr. Klein

Thank you for your recent letter regarding the RP-2014 Mortality Tables and Mortality Improvement Scale MP-2014. We appreciated the recent opportunity Cindy MacDonald had to speak with your organization on a conference call regarding this project. We also appreciate the opportunity to respond to the comments raised in your letter.

Let me begin by saying that the Retirement Plans Experience Committee (RPEC) has taken the public comment process very seriously. The RPEC received many thoughtful comments and suggestions, and the committee has spent significant time over the last five months evaluating and considering these comments. We have undertaken this project in a very rigorous manner over the last five years precisely because we understand that the results from this study will be used by professional actuaries in making critical judgments related to private pension plans.

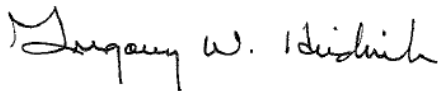
While it would not be possible to elaborate at this time on every technical aspect related to the project, we believe it will be helpful to mention a couple of important points. First, with regard to decisions about data utilized in the study: the RPEC worked very diligently to ensure that all relevant and reliable data that was received could be utilized. We assembled an independent review team to study the procedures utilized and decisions made regarding the data that was submitted. This review team, as well as a separate peer-review process, validated these decisions at multiple points in the process. The independent review team agreed that the data analyzed, consisting of over 10.5 million life-years of exposure and 220,000 deaths, is an appropriate representation of the mortality experience of private pension plans in the United States over the study's observation period. In fact, the amount of data utilized in the RP-2014 Mortality Tables is similar to the amount utilized in the RP-2000 tables.

On a second issue, your letter expresses concern about reports that the RPEC, “rejected data that was ‘surprising’ or outside the 95 percent confident level.” A few comments here would be appropriate. First, sound actuarial practice requires that “outlier” data be identified and subjected to further analysis. Failure to do so would not be in keeping with professional standards. However, it is important to note that data that fell outside of the 95 percent confidence level was not simply dismissed. In fact, this data was subjected to further review and analysis. A number of the “outlier” plans were reconciled with the contributor and, in turn, included in the study. The independent review team concluded that the RPEC followed appropriate actuarial procedures in the collection and processing of the dataset, and although it was necessary to exclude certain data from the analysis, sufficient data was used to ensure a credible mortality table.

As you noted in your letter, there is no question that pension participants are living longer and that today’s mortality assumptions need to be updated. The aim of the study is to provide the best and most accurate data possible so that all stake-holders can make well-informed decisions. It is anticipated that private plan sponsors will utilize the RP-2014 Mortality Tables and Mortality Improvement Scale MP-2014 as they deem appropriate for their particular plans based on consultations and the expert judgment of their respective actuaries.

Thank you again for your letter and the comments that you made. We appreciate the opportunity to share this information with you, and we hope these explanations have been helpful.

Sincerely,

A handwritten signature in black ink that reads "Gregory W. Heidrich". The signature is written in a cursive style with a large initial 'G'.

Gregory W. Heidrich  
Executive Director

GWH:cmp