The top portion of the image features a stylized, wavy American flag with red, white, and blue stripes and stars. The bottom portion of the image is a solid dark blue background.

Federal Actuaries  
Working Group  
Symposium

Part I: May 24, 2023

# Welcome

A decorative graphic of the American flag, showing the stars and stripes, positioned in the top right corner of the slide.

- Purpose of today's meeting
- Our presenters today represent the following agencies:
  - Social Security Administration (SSA)
  - Centers for Medicare & Medicaid Services (CMS)
  - Pension Benefit Guaranty Corporation (PBGC)
  - Internal Revenue Service (IRS)
  - Department of Labor (DOL)



# Social Security Administration (SSA)

Steve Goss  
Chief Actuary

Karen Glenn  
Deputy Chief Actuary





# SSA's Programs

SSA administers three programs under the Social Security Act:

- **Old-Age and Survivors Insurance (OASI):** Established in 1935, the OASI program provides retirement and survivors benefits to qualified workers and their family members.
- **Disability Insurance (DI):** Established in 1956, the DI program provides benefits for workers who become disabled and for their families.
- **Supplemental Security Income (SSI):** Established in 1972, the SSI program provides financial support to aged, blind, and disabled adults and children who have limited income and resources.

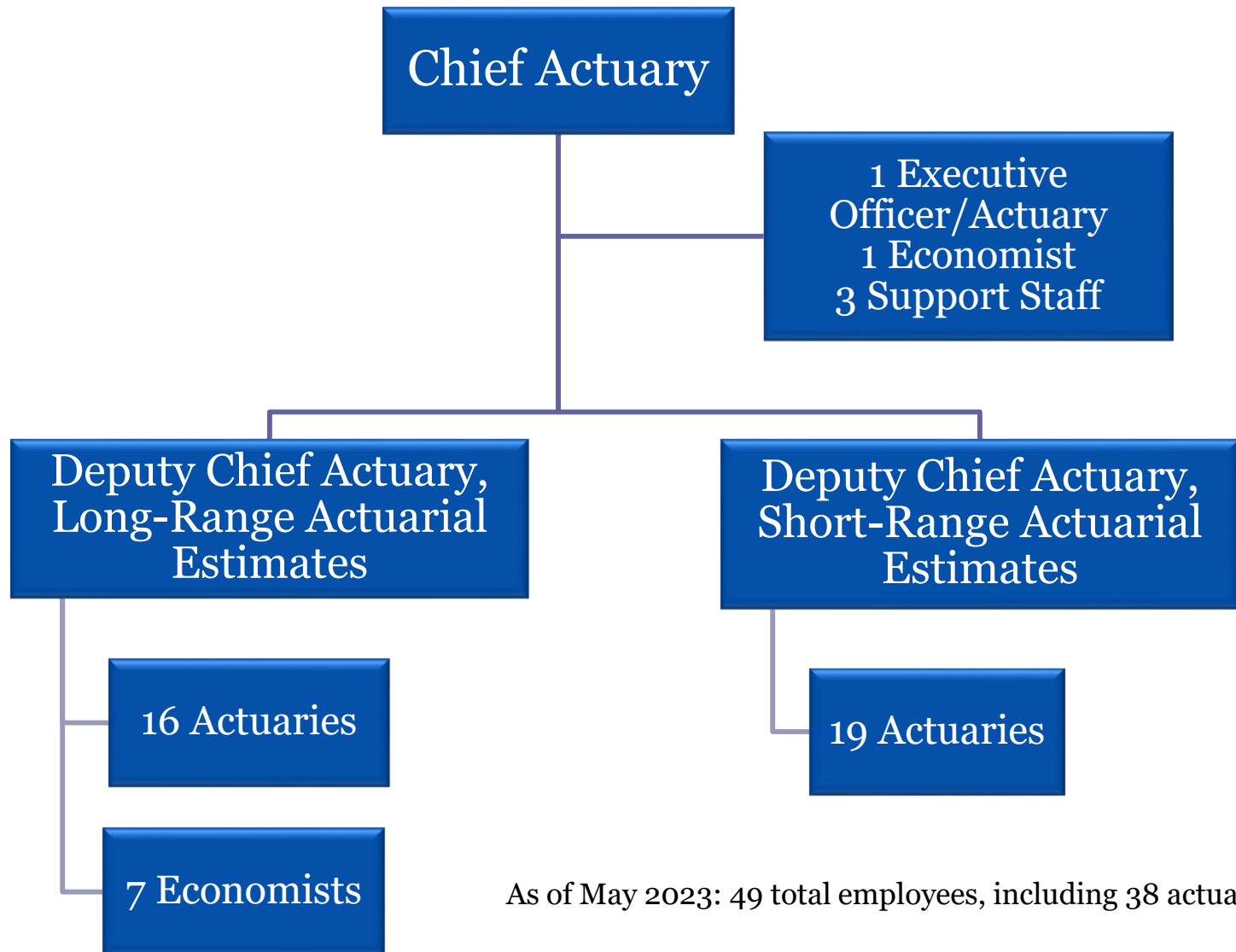


## A Few Stats...

- In 2023, an average of 67 million Americans will receive a Social Security benefit each month, totaling over one trillion dollars in benefits paid during the year
- Nearly nine out of ten people age 65 and older were receiving a Social Security benefit as of December 31, 2022
- About 90 percent of workers aged 21-64 in covered employment (and their families) have protection in the event of a severe and prolonged disability
- An estimated 183 million workers will work in OASDI-covered employment in 2023



# Office of the Chief Actuary (OCACT) Organization Chart



As of May 2023: 49 total employees, including 38 actuaries



# OCACT's Main Work Products

- Evaluate financial status of OASDI and SSI
  - Project future population, workforce, employment, tax revenue, benefits, and (for OASDI) the status of trust funds
- Projections for annual OASDI Trustees Report
  - Board of Trustees: Treasury, HHS, DOL, SSA
- Projections for annual SSI Report
- Projections for the President's FY Budget and Midsession Review
- Estimate effects of all changes considered for law and regulations by the Administration and Congress





# Putting OCACT's Work in Context

- For Social Security, projections under current law are crucial to indicate when and to what degree changes will be needed to maintain “solvency”
- For OASDI and SSI, important to know what cost will become in the future, near-term dollars, long-term share of GDP and taxable earnings
- We also provide technical and consultative services to the Commissioner and to the Social Security Board of Trustees
- The Chief Actuary appears before Congressional committees to provide expert testimony on the actuarial aspects of Social Security issues





For More Information Go to  
<http://www.ssa.gov/oact/>

## There you will find:

- Current and all prior OASDI Trustees Reports, including detailed single-year tables
- Current and all prior SSI Annual Reports
- Estimates for comprehensive proposals and individual provisions
- Actuarial notes and actuarial studies
- Extensive databases
- Congressional testimonies
- Presentations by OCACT employees



# Centers for Medicare & Medicaid Services

Paul Spitalnic  
Chief Actuary

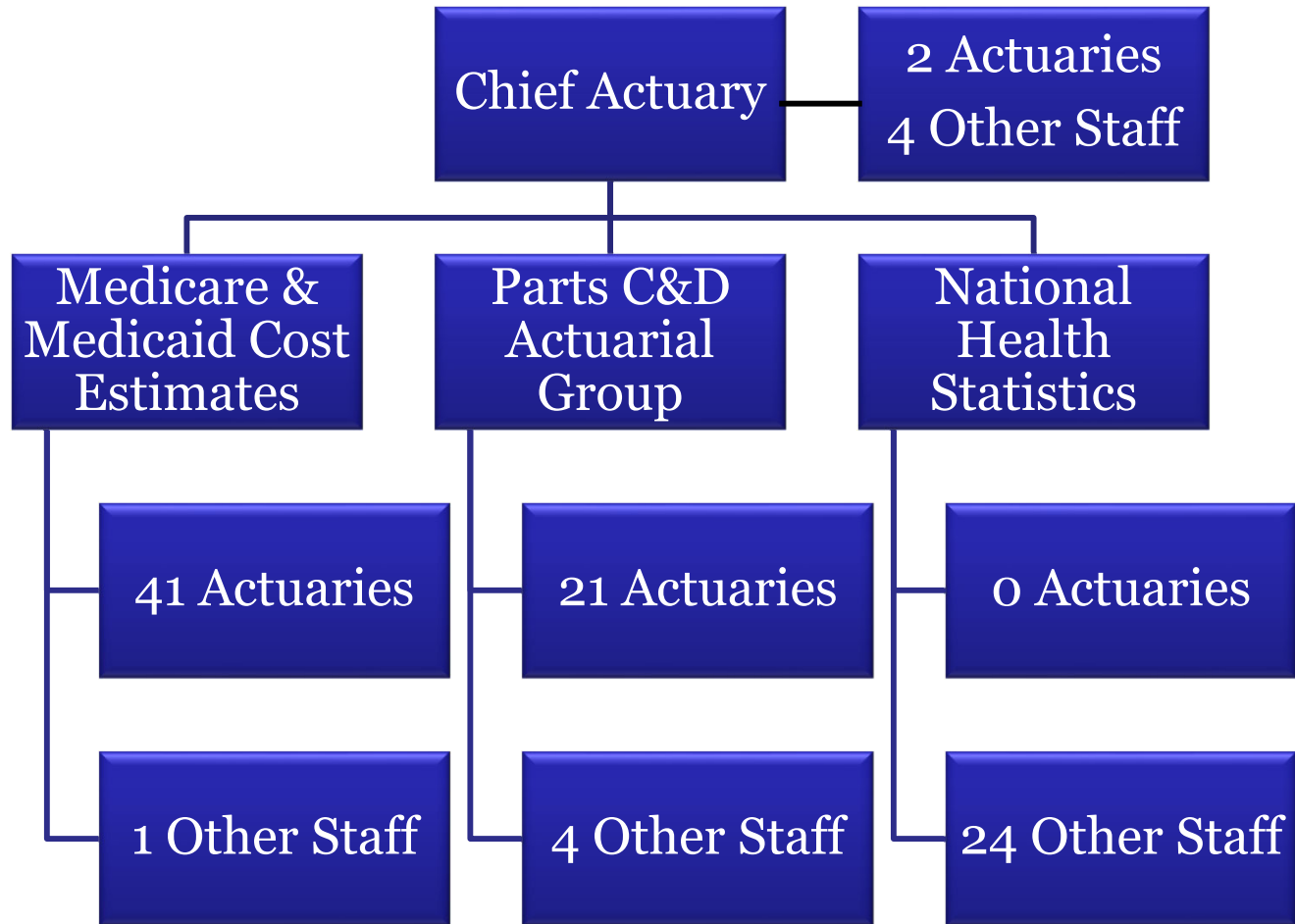


## CMS OACT Mission

The Office of the Actuary provides timely, impartial, and authoritative actuarial, economic, and statistical estimates and analysis of health care financing and expenditures.



# Organization of Actuarial Staff



Total: 64 actuaries and 33 other staff



# Medicare & Medicaid Cost Estimates

- FFS Medicare, Medicaid, & Marketplace
  - Budget Estimates
  - Cost Estimates for Legislation, Regulation, Requests
  - Medicare Trustees Report
  - Medicaid Actuarial Report
  - Program Rates
  - Innovation Center Support
  - Medicaid Rate Reviews
  - Data Analysis



# Parts C&D Actuarial Group

- Medicare Advantage and Prescription Drug Programs
  - Program Rates
  - Medicare Advantage Rate Reviews
  - Prescription Drug Rate Reviews
  - Medicare Trustees Report, Budget Estimates
  - Cost Estimates for Legislation, Regulation, Requests
  - Drug Price Negotiation



# National Health Statistics Group

- National Health Care Spending
  - Historical National Health Care Spending
  - National Health Care Spending Projections
- Other Projects
  - Medicare Payment Rate Increases
  - Long-term Health Care Cost Modeling
  - Research Projects





# CMS Office of the Actuary

- Staff are generally on teams for the main projects and have some individual assignments.
  - Flat structure. Staff can get pulled into different projects or across groups as needed
- External parties include:
  - OMB and HHS on Budget
  - Trustees Working Group on Trustees Report
  - States on Medicaid policies and rate reviews
  - Health plans on Medicare rate reviews.
  - Treasury on Marketplace estimates
  - Congress on legislative support
- <https://www.cms.gov/research-statistics-data-and-systems/research/actuarialstudies>



# Pension Benefit Guaranty Corporation (PBGC)

Scott Young, FSA, EA, MAAA  
Actuarial Services and Technology Department

Jim Donofrio, FSA, EA, MAAA  
Negotiations and Restructuring Actuarial Department

Ted Goldman, FSA, EA, MAAA, FCA  
Policy, Research, and Analysis Department



# PBGC Highlights

- Guarantees pension benefits for over 33 million American workers and retirees
  - Single-employer Defined Benefit Pension Plans
  - Multiemployer Defined Benefit Pension Plans
- Established by Employee Retirement Income Security Act of 1974 (ERISA)
- Agency Strategic Goals
  - Preserve Plans and Protect Pensions
  - Pay Pension Benefits on Time and Accurately
  - Maintain High Standards of Stewardship

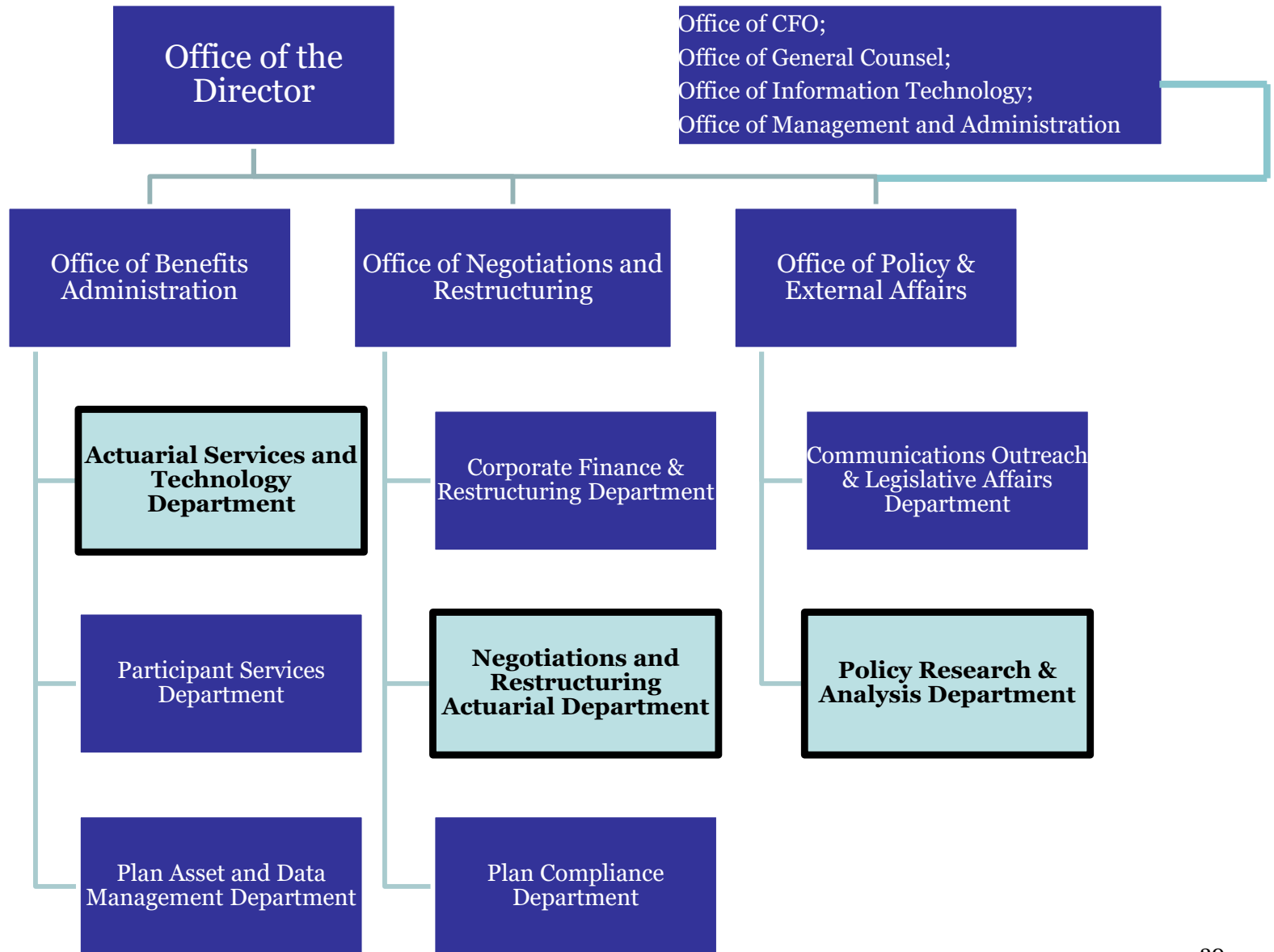


# PBGC News

- Special Financial Assistance Program
  - American Rescue Plan (ARP) Act of 2021
  - Provides Assistance to Financially Troubled Multiemployer Pension Plans
- Actuarial Reports
  - Annual Report (mid-November)
  - Projections Report (Summer)
- Best Place to Work in Government
  - <https://www.washingtonpost.com/business/2023/03/29/pbgc-top-workplaces-pension-plans/>
  - [https://www.washingtonpost.com/business/interactive/2023/top-workplaces-federal-government/?itid=lk\\_inline\\_manual\\_28](https://www.washingtonpost.com/business/interactive/2023/top-workplaces-federal-government/?itid=lk_inline_manual_28)



# Pension Benefit Guaranty Corporation





# Pension Benefit Guaranty Corporation

**Office of Benefits Administration**

**Actuarial Services and Technology Department**

**Participant Services Department**

**Plan Asset and Data Management Department**

- Approximately 60 Actuaries – 8 credentialed with several pursuing designations
- Benefit Calculations and Actuarial Valuations for Terminated Single-Employer Pension Plans Trusteed by PBGC
- Quarterly Actuarial Valuations for PBGC Financial Reporting
- Experience Studies for Purposes of Setting Assumptions for Actuarial Valuations
- Actuarial Support for Benefits Administration



# Pension Benefit Guaranty Corporation

**Office of  
Negotiation &  
Restructuring**

**Negotiations &  
Restructuring  
Actuarial  
Department**

**Corporate  
Finance &  
Restructuring  
Department**

**Plan Compliance  
Department**

- Approximately 25 Actuaries – 23 credentialed
- Actuarial Analysis for Single-Employer Pension Plans to Determine Underfunding and Required Contributions
- Monitor Financial Condition of Multiemployer Plans
- Actuarial Review of Applications for Special Financial Assistance





# Pension Benefit Guaranty Corporation

**Office of Policy & External Affairs**

**Policy Research & Analysis Department**

**Communications Outreach & Legislative Affairs Department**

- Approximately 14 Actuaries – 10 credentialed
- Conducts Policy Analysis and Research Related to Pensions and Retirement Security
- Analysis of Policies Using Actuarial Techniques
- Provides Actuarial and Economic Expertise in the Area of Retirement Laws, Regulations, and Practices
- Develops and Maintains Relationships with Academic, Professional, and Stakeholder Communities

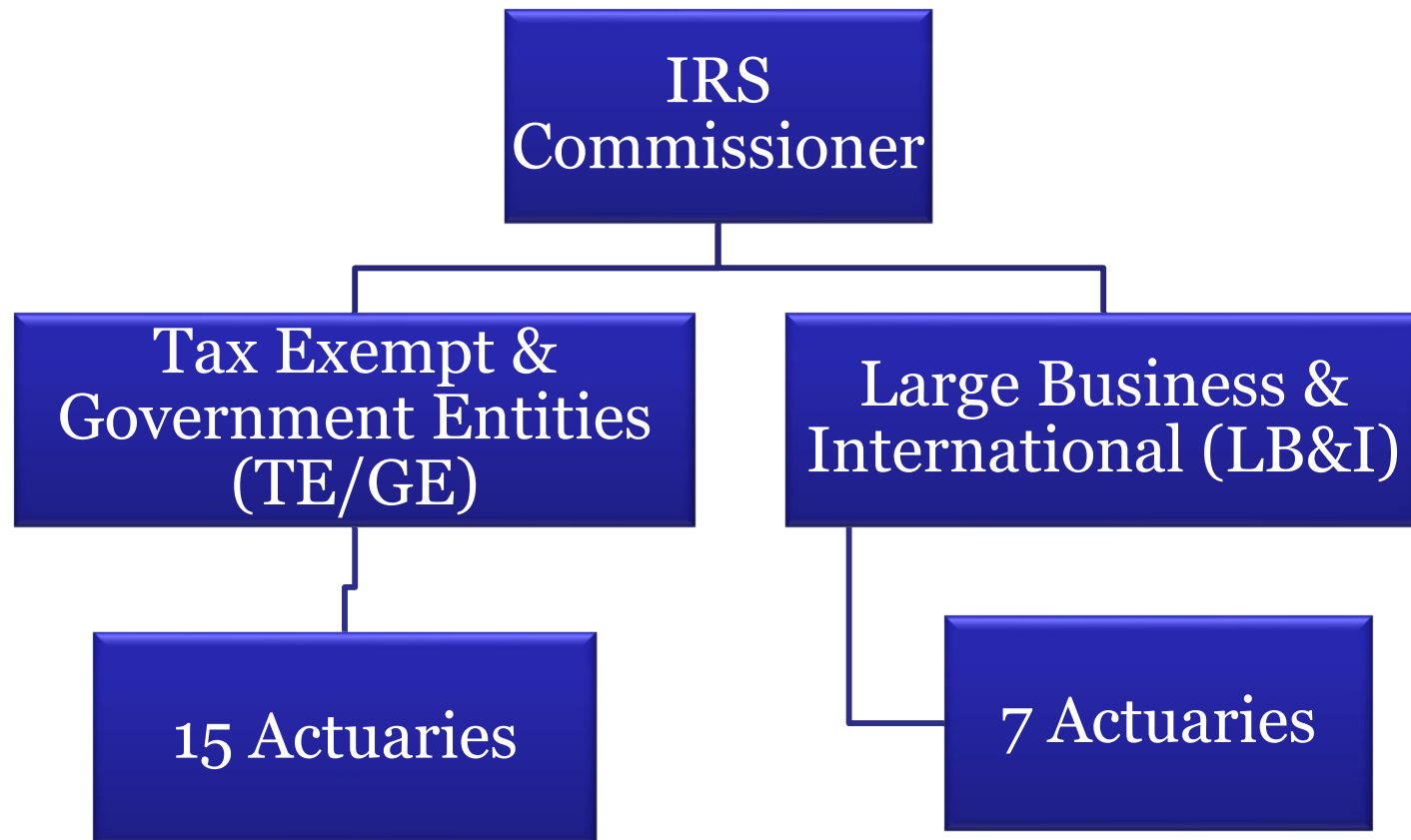
The top right corner of the slide features a stylized, wavy American flag with red, white, and blue stripes and stars.

# Internal Revenue Service

Christopher Denning  
Actuary



# Organization of Actuarial Staff





# IRS Employee Plans – Policy Actuaries in TE/GE

- Analyze and issue rulings related to the requirements under the Employee Retirement Income Security Act of 1974 (ERISA) for single employer and multiemployer pension plans.
- Common examples:
  - Change in funding methods
  - Certain changes in assumptions
  - Use of substitute mortality tables
  - Amortization extensions
- Assistance to chief counsel on requests for funding waivers
- Assist in drafting and reviewing regulations, revenue rulings, revenue procedures, notices and announcements.
- Works closely with Chief Counsel, Department of Treasury, PBGC and Department of Labor



# IRS Employee Plans – Field Actuaries in TE/GE

- Assist with retirement plan examinations and attend related meetings with pension plan representatives. Reviews include:
  - Nondiscrimination testing
  - 415 limitations
  - Required minimum distributions
- Assist with field agents' technical advice requests.
- Support revenue agents who work on determination letter applications by reviewing demonstrations, plan documents and answering technical questions.
- Provide actuarial support to revenue agents who work on voluntary compliance submissions
- Have expertise in topics including fully insured plans, governmental plans, employee plans team audits, multiemployer plans and PPA funding and benefit restriction issues.



# IRS Employee Plans –Estate & Gift Tax Actuaries in TE/GE

- Prepares actuarial tables for the valuation of annuity interests and other equitable interests in trusts.
  - These factors are issued in regulations and IRS publications.
- Beyond the tables, we see a lot of complicated individual arrangements that require actuarial analysis.
  - trusts for annuity and remainder interests;
  - limited partnerships;
  - split-interest life insurance policies; and
  - intra-family loans.
- Work with Chief Counsel attorneys in preparing agency guidance and rulings;
- Assist the IRS attorneys in estate & gift tax return audits;
- Assist litigation attorneys in IRS and Department of Justice as expert witness at trial.



# Large Business & International (LB&I)

- Analyzes complex actuarial problems and issues involved in tax law, IRS rulings, and court case decisions in determinations of tax liability under the Internal Revenue Code in a number of areas including:
  - The valuation of complex life and annuity, health, or property and casualty insurance reserves;
  - Considerations and tax implications in acquisitions, reorganizations, and liquidations of insurance companies.
- Represents the Service in conferences with taxpayers, their legal representatives, representatives of the insurance industry and actuarial consultants on proposed tax issues and procedures and problems of common interest, and proposes solutions to highly technical problems that arose in connection with issues that are not adequately covered by the laws, regulations and revenue rulings.
- Conducts audit work and serves as a consultant to examiners concerning audit approaches, studies, and research techniques relating to actuarial methods used by the taxpayer.





# Large Business & International (LB&I)

- Serves as an expert witness in tax litigation cases involving life, health, or property and casualty insurance issues.
- Provides insight and advice to upper levels of management in meetings with the Industry Director for the Financial Services and the Health Care Industry, the Deputy Commissioner, and the Commissioner LB&I.
- Develops proposals for the appropriate tax treatment of actuarial issues, develops regulations, develops training material, writes position papers, and analyzes difficult policy issues.
- Acts as loss reserve specialist in the examination of life, health, or property and casualty insurance companies.
- Assists insurance examiners in performing basic loss reserves testing and performs independent analysis of loss reserves.

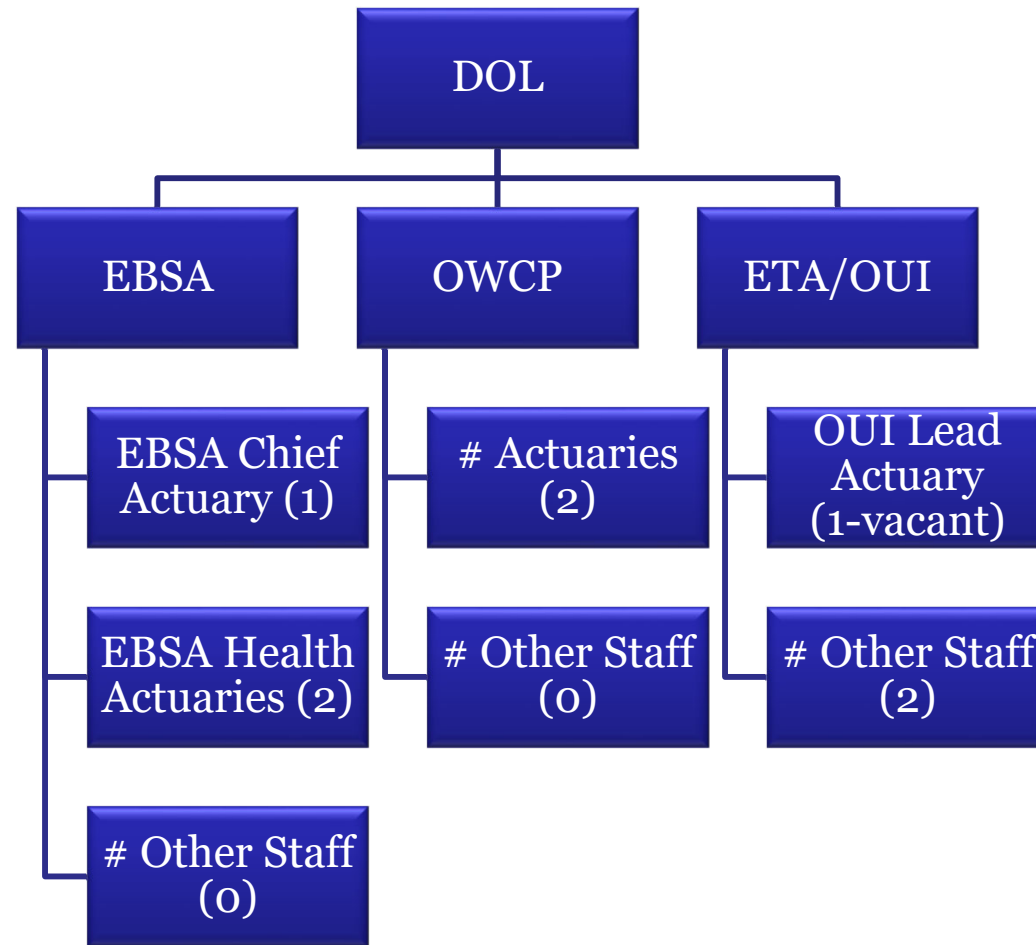


# US Department of Labor

Chet Andrzejewski

Employee Benefits Security Administration (EBSA) Chief Actuary

# Organization of Actuarial Staff



EBSA = Employee Benefits Security Administration

OWCP = Office of Workers' Compensation Programs

ETA/OUI = Employment and Training Administration—Office of Unemployment Insurance



# EBSA

- Employee Retirement Income Security Act (ERISA)
  - Retirement, health, and other workplace-related benefits of America’s workers and their families
  - Work covers actuarial considerations in
    - Development of regulations and guidance
    - Enforcement of law and regulations
    - Support of the Secretary of Labor’s role as chair of the board of the PBGC
  - Membership on the Joint Board for the Enrollment of Actuaries
  - Works on ERISA benefits in collaboration with Treasury, IRS, PBGC, HHS, state insurance commissions, and FBI
  - EBSA web site: <https://www.dol.gov/agencies/ebsa>
  - Form 5500 data on benefit plans:
    - <https://www.dol.gov/agencies/ebsa/key-topics/reporting-and-filing/form-5500>



# OWCP

- Office of Workers' Compensation Programs
  - Workers' Compensation benefits for non-military federal employees, nuclear weapons employees, longshore harbor workers, and certain coal miners
  - Actuarial work products
    - Estimated liability for future payments reported in the DOL financial report and to each federal agency
    - Statement of Social Insurance (SOSI) valuation for the Black Lung Disability Trust Fund
    - Assist with regulation and oversight of self-insured coal mine operators
  - Liability estimates developed with inputs from OMB, EIA, Treasury, DOD, SSA
  - OWCP website:  
<https://www.dol.gov/agencies/owcp>



# ETA/OUI

- Unemployment Insurance
  - Temporary unemployment benefits for workers who lost a job through no fault of their own
  - Work covers actuarial considerations in
    - Development of regulations and guidance to State Workforce Agencies (SWAs)
    - Development of Actuarial Liabilities of the Unemployment Trust Fund (UTF)
    - Support and Training to SWAs on State UTF Financing
  - References
    - Office of Unemployment Insurance Website: <https://oui.doleta.gov/unemploy/>



# Other Significant Work

- Support the Secretary of Labor's role as trustee of the Social Security and Medicare Trust Funds (EBSA)
- Tools for the public to prepare for retirement (EBSA):
  - <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/savings-fitness.pdf>
  - <https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/taking-the-mystery-out-of-retirement-planning.pdf>
- Training investigators from the regional offices
- Significant UI Actuarial Unit Work:
  - Unemployment Trust Fund Solvency Measurement and Reports
  - UI Budgetary Estimates for the Administration's Annual Budget Submissions
  - Statistical modeling of UI benefit exhaustion





# Questions and Discussion