A publication of the American Society of Pension Actuaries

THE PENSION ACTUARY

ASPA
Dedicated to the Private Pension System

Vol. XXVII, Number 1 March-April1997

FEBRUARY 1997

We apologize, photos were unavailable for archiving digitally.

ASPA President Richard D. Pearce, FSPA, CPC, testifies before the U.S. Congress Employer-Employee Relations Subcommittee.

ASPA Testifies Before Congress

Pearce explains roadblocks to small-business retirement coverage

by Brian H. Graff, Esq., ASPA Executive Director

On March 12, ASPA President Richard D. Pearce, FSPA, CPC, testified at a hearing before the U.S. House of Representatives Committee on Education and the Workforce, Subcommittee on Employer-Employee Relations. The subject of the hearing was "Defusing the Retirement Bomb: Encouraging Pension Savings." Pearce's testimony focused on the myriad of rules and regulations which continue to make it exceedingly difficult for small businesses to offer meaningful retirement plan coverage to their employees.

Pearce congratulated Congress on the passage of the long-awaited pension simplification provisions included in the Small Business Job Protection Act of 1996. However, he noted that the enactment of these changes was only a first step. Since ERISA was passed in 1974, Congress has enacted layer upon layer of complex rules and the Internal Revenue Service has issued layer upon layer of complicated regulations seriously retarding the ability of small busi-

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New ASPA-IRS Benefits Conference in New York

Holiday Inn Crown Plaza
White Plains, N.Y.
May 30, 1997

See the enclosed flyer for information on the new ASPA conference, cosponsored by the Internal Revenue Service and the Northeast Key District Pension Liaison Group: **The Northeast Key District Employee Benefits Conference.** Get current IRS views on important issues relating to pension changes in the Small Business Job Protection Act, 403(b) plans, plan correction programs, and more.

INSIDE

A PUBLICATION OF THE AMERICAN SOCIETY OF PENSION ACTUARIES
Actuaries, Consultants, Administrators and other Benefits Professionals

The *Pension Actuary* is produced by the executive director and the Pension Actuary Committee. Statements of fact and opinion in this publication, including editorials and letters to the editor, are made on the sole responsibility of the authors and do not necessarily represent the position of ASPA or the editors of the *Pension Actuary*.

The purpose of the American Society of Pension Actuaries is to educate pension actuaries, consultants, administrators, and other benefits professionals, and to preserve and enhance the private pension system as part of the development of a cohesive and coherent national retirement income policy.

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Focus on Government Affairs

5500 Tips and Traps from the Reporting and Disclosure Committee

by Valerie L. Stevens, APM

The state of Illinois has not disappeared, but it is missing from the Internal Revenue Service's filing instructions (see "Where to File" on the 1996 Forms 5500 and 5500-C/R). The IRS confirmed informally that if you are located in Illinois, then your Form 5500 (or Form 5500-C/R) should be filed at the same address used for the 1995 forms, that is: Internal Revenue Service, Memphis, TN 37501-0020. The IRS expects to make a formal announcement.

As you know, when filing Form 5558 to apply for an extension you are required to mail it to the address used to file your plan's 5500 series form. For some time now, the Form 5500-EZ has been filed in Memphis, but the instructions to Form 5558 have not been revised to reflect this change. ASPA just learned that the IRS expects to release a revised Form 5558 within a few months. The IRS informally advised that until the revision is out, when applying for an extension of time to file the Form 5500-EZ, the plan sponsor should file Form 5558 in Memphis (not Andover as indicated on the instructions for Form 5558). According to the IRS, if Form 5558 is sent to Andover, it will still be processed. However, you will speed up getting your extension approved if you send Form 5558 to the Service Center in Memphis — see the address above.

ASPA continues to encourage the early release of all government forms. In our meetings with the IRS, Department of Labor, and Pension Benefit Guaranty Corporation, the personnel of all three agencies have been receptive to earlier release dates. Of course, to some extent earlier release of the forms is hampered by law changes and budget constraints, but our message seems to be getting through.

For example, you may have heard that a major revision of the 5500 series forms is coming. The latest word is that the proposed revised forms may appear in the *Federal Register* as early as the end of March unless unexpected delays occur. We are told that the major revision will be for the 1998 forms (*i.e.*, forms filed for plan years beginning in 1998) and that no major changes are expected for the 1997 forms.

The proposed revised 1998 Form 5500 series will be open to public comment. We encourage you to watch for its release and comment on the forms. We expect that ASPA will also file comments on the revised forms. The Reporting and Disclosure Committee would like to hear from you so that we can draw from the vast experience of our membership. Please fax or mail your comments to the ASPA office or directly to Reporting and Disclosure Committee Chair Valeri Stevens (Main Street Benefits Inc., 3838 Carson Street, Suite 112, Torrance, CA 90503, or fax: (310) 543-4450).

In February, ASPA submitted a five-page letter to the IRS with comments on the 1996 Schedule B. We noted that the 1996 Schedule B fixed some of the problems on the prior year's schedule. We also asked for additional guidance on how to calculate the different full-funding limits. The comments point out problems and suggest solutions for unclear questions and instructions. The Reporting and Disclosure Committee wants to acknowledge and thank the chief contributors to the comment letter: Lawrence Deutsch, MSPA; Duane L. Mayer, MSPA; and Carl Shalit, MSPA.

If you would like a copy of the 1996 Schedule B comment letter, please contact Lynn McGee at the ASPA office.

Valeri L. Stevens, APM, is pension manager of Main Street Benefits Inc., in Torrance, Calif. Stevens serves on the ASPA Government Affairs Committee as chair of the Reporting and Disclosure Committee.

Correction

Last issue's "Focus on Government Affairs" was written by S. Derrin Watson, APM.

A tax lawyer from the Santa Barbara area, Watson is managing sysop of the Pension Information Exchange computer bulletin board and author of its interface software, WatsOpDoc. Watson is a frequent speaker at ASPA meetings and serves on the ASPA Government Affairs Committee as chair of the Internal Communications Committee.

JLK Foundation Now ASPA PERF

The board of directors of the James L. Kirkpatrick Foundation for Pension Actuarial Education and Research Inc. has approved a resolution to change the name of the foundation to the ASPA Pension Education and Research Foundation Inc., or ASPA PERF for short. The name was changed for two reasons:

1. To identify the foundation's close connection with the American Society of Pension Actuaries, and
2. To expand the purpose of its charitable activities beyond pure actuarial projects.

ASPA PERF welcomes inquiries about worthwhile educational and research projects that are seeking funding and are related to the pension industry. These may include, but are not limited to, scholarships and recognition of outstanding educational achievements and research papers. We invite you to submit propositions to ASPA PERF in care of the ASPA national office. To discuss the feasibility of a project, call Steven Fishman, chairperson of the ASPA PERF board of directors, at (212) 261-1807.

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The New Administrative Policy Regarding Self-Correction: A Double-Edged Sword

by C. Frederick Reish, Esq., APM, and Bruce L. Ashton, Esq., APM

In January, the Internal Revenue Service Employee Plans Division released its new Administrative Policy Regarding Self-Correction. The APRSC is a substantial rewrite of the old Administrative Policy Regarding Sanctions, which was far too restrictive to be useful. This article reviews the major changes made by the new APRSC and analyzes the impact of the APRSC on plan sponsors and their advisors—and particularly on third-party administrators. (Note: ASPA has sent out two ASPA ASAP faxes on the new policy, so subscribers to that service will already have read about many of the changes.)

APRSC Changes

The APRSC makes three significant changes to the old APRS. They are generally favorable developments, but the APRSC is a double-edged sword because it presents both opportunities and potential problems for plan sponsors and TPAs. Here are the changes:

(1) The APRSC establishes a one-year self-correction period for operational disqualifying defects. If you find and fully correct operational defects within the plan year following the year in which they occur, there will be no sanction and no need to file under the VCR or SVP programs;

(2) It loosens the criteria for determining whether a defect is "insignificant." If it is, the defect can be corrected after the one-year correction period, even if it is discovered by the IRS during an audit; and

(3) It extends both the one-year self-correction period and the insignificant defect relief to tax-sheltered annuity plans under Internal Revenue Code section 403(b). This article will discuss only the impact of the APRSC on qualified plans.

Violations Covered by APRSC

What kinds of defects are covered by the APRSC? The APRSC covers only "operational violations" which would disqualify a plan. Operational violations occur when (1) a plan is operated in conflict with the qualification requirements of the IRC and/or (2) when there is a failure to follow the terms of the plan, even if the operation of the plan would otherwise satisfy the IRC qualification requirements.

The APRSC is not available if there is (1) a form defect (including, but not limited to, nonamenders), (2) a "demographic" defect (which is not well-defined, but which arises from a demographic shift in the workforce that can only be cured by a plan amendment, such as certain violations of IRC section 401(a)(26) or section 410(b)), or (3) exclusive benefit violations involving the misuse or diversion of plan assets (where the Department of Labor also has jurisdiction).

The APRSC has two of the old APRS eligibility requirements (both for the one-year self-correction period and for insignificant defects):

(1) The plan sponsor or administrator must be able to show that it had established practices and procedures reasonably designed to achieve compliance (such as the use of a checksheet for tracking allocations and key-employee status for top-heavy purposes), but the violation occurred through an oversight or mistake in applying those practices or procedures.

(2) The defects must be corrected for all years (including years for which the statute of limitations is closed).

How to Correct Properly

Bad News: There is little guidance in the APRSC (or elsewhere) on correction methodology. The APRSC devotes only two sentences to correction principles. Rev. Proc. 94-62 illustrates acceptable corrections for the seven specific defects covered by the SVP program, which is helpful if your defect is in one of these categories. However, the general lack of guidance in this area makes reliance on the APRSC difficult because an improper correction of a significant defect during the one-year self-correction period means that the plan is still vulnerable to disqualification.

Good News: Because of the VCR and CAP programs, practitioners have gained experience on what the IRS will and will not approve. While these programs generally require that the plan be put in the same position as if it had been administered properly for *all* years, the IRS is flexible in its willingness to accept reasonable solutions. Those solutions, however, must put the plan and its participants in the same position as if the plan had been properly operated. This is an area where plan sponsors need advice to protect themselves. (For more information and examples of corrections that the IRS has approved, you can see the Q&As on correction methodology under SVP and VCR at our Reish & Luftman home page — http://www.benefitslink.com/reish.)

One-Year Self-Correction Period

Good News: In the APRSC, the EP division recognizes that mistakes happen and allows that if these errors are timely corrected, there will not be a penalty. For these purposes, "timely" means that operational disqualifying defects — no matter how serious, except for exclusive benefit violations involving the misuse or diversion of plan assets — must be fully corrected by the end of the plan year following the plan year in which the operational violation occurred. (Of course, "insignificant" defects can be corrected after the end of that correction period — but it is often difficult to assess the "significance" of a defect, as explained later in this article.) If the defect is properly and timely corrected, it will be treated as a "nondisqualifying" defect. (Note: The plan must have a current favorable determination letter, opinion letter, or notification letter and may not already be under audit in order to use the one-year self-correction period.)

Bad News: The APRSC may create heightened expectations by plan sponsors. That is, now that there is a sanctionless correction period, plan sponsors may have an expectation that TPAs will find errors and fix them — to protect the plan sponsor from disqualification and the plan sponsor from sanctions if the plan is audited.

This is a realistic concern. What should a TPA do in response? First, in its services agreement, the TPA should point out what it is and is not responsible for. For example, the agreement should spell out that the plan sponsor is responsible for providing timely and accurate data on which the TPA can — and will — rely and that the TPA will not be responsible for any inaccuracies in reports which are based on incorrect data.

Second, the TPA should establish internal review procedures for especially sensitive issues, such as requiring that two people review the calculation of the 415 limits for large lump sum distributions from defined benefit pension plans.

Third, the TPA should use the IRS audit guidelines as training materials, since those guidelines highlight most of the issues that the IRS will be auditing.

Finally, the TPA should have errors and omissions insurance. While this will not protect the TPA from claims, it will protect it from large defense costs or losses. (Incidentally, we believe that, quite aside from the APRSC, a TPA should, in today's legal and business environment, carry insurance against malpractice claims.)

What should a plan sponsor do if a *significant* mistake is found after the one-year self-correction period? Correct the error anyway. If the error is later found on audit, the fact that it has been corrected will be an "equity" in favor of a lower audit CAP sanction. In addition, and as a practical matter, some revenue agents may not disqualify a plan or seek a CAP sanction where a significant error is corrected after the one-year correction period. Further, our role as plan advisors is to always advise employers to administer their plans in accordance with the law and to properly accrue and fund benefits for their employees. An advantage of that approach is that litigation will often be avoided. That is, participants may sue for breach of fiduciary duty or for additional benefits if they do not receive the proper level of benefits.

Insignificant Defects

Good News: The APRSC eliminates several of the harsh eligibility criteria of the old APRS policy. Gone are the "one defect/one year" requirements which made APRS available only if there was one defect (or one type of defect) which occurred in one year. Now, even multiple defects in multiple years will be eligible for the APRSC if they meet the criteria for determining whether the defect is insignificant.

Also eliminated is the "prior history of compliance" requirement. That requirement made it virtually impossible for new plans to receive APRS treatment.

Bad News: Even with the elimination of these requirements and the expansion of the factors for determining whether a defect is insignificant, the "insignificant defect" aspect of the APRSC is problematic. The APRSC leaves the determination of "insignificant" up to the discretion of revenue agents (and their group managers). As a result, plan sponsors and their advisors cannot be confident that errors — other than truly minor defects — are correctable under the APRSC after the one-year correction period — for fear that a revenue agent will later find that a defect was significant.

However, some clients will push TPAs to agree that significant plan defects are "insignificant" and thus do not have to be filed under VCR or SVP. In our experience, these plan sponsors are often the same ones who will blame the TPA if the IRS disagrees on audit.

To protect yourself, always advise the plan sponsor and fiduciaries to correct, inform them of the risk of failing to file under VCR and CAP (for other than truly minor defects), and document your advice. If the plan sponsor decides to play "audit roulette" — by not correcting a defect — advise against it. If the plan sponsor refuses to follow your advice, send a letter confirming that is your advice, explaining why, and explaining the

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ASPA Testifies Before Congress

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nesses to maintain retirement plans for their employees. Pearce explained that in most cases these rules were enacted not in the interest of promoting retirement savings but solely to raise revenue.

Citing a General Accounting Office study, Pearce emphasized that the effect of these costly rules and regulations on small business pension coverage has been dramatic. A whopping 87 percent of workers employed by small businesses with fewer than 20 employees have absolutely no retirement plan coverage. It's only slightly better for workers at small businesses with between 20 and 100 employees, where 62 percent of the workers have no retirement coverage. By contrast, 72 percent of workers at larger firms (over 500 employees) have some form of retirement plan coverage.

We apologize, photos were unavailable for archiving digitally.

Rep. Harris W. Fawell (R-Ill.), chair of the Employer-Employee Relations Subcommittee, greets ASPA President Richard D. Pearce, FSPA, CPC, and ASPA Executive Director Brian H. Graff, Esq.

Pearce next discussed the present-law bias against small-business retirement plans. He explained that there are a number of current rules which work to discourage small business from establishing retirement plans on behalf of workers. Many of these rules grew from a bias that small-business plans were established only by wealthy professionals (*e.g.*, doctors and lawyers) and that only the professional received any benefits under these plans. This is simply not the case in today's workforce. Small business includes high technology, light industrial, and retail firms which have stepped into the void created by the downsizing of big business.[1] The same rules targeted at the doctors and lawyers also negatively affect these burgeoning small businesses. This is unfair and impedes the ability of small business to compete with larger firms when trying to attract employees. Pearce cited a number of prominent examples of this problem:

- **Top-Heavy Rules Discriminate Against Small Business.** Pearce explained that the present-law top-heavy rules penalize small business, particularly small, family-owned businesses, by increasing the costs of maintaining a retirement plan. For example, the cost per participant to the small-business owner maintaining a top-heavy 401(k) plan can be more than double the cost per participant to the large firm. This can occur even if the small-business owner is making a relatively modest income such as $30,000. Pearce called for repeal of the top-heavy provisions noting that the retirement plan rules should not penalize a small business for being small.

- **Full-Funding Limit Discourages Small Business Defined Benefit Plans.** Pearce discussed the impact of the OBRA 1987 changes to the full-funding limit on small-business defined benefit plans. He noted that from 1987 to 1993 — a period which saw a significant increase in the number of small businesses established — the number of small businesses with defined benefit plans declined by more than 60 percent. Pearce explained that the present-law full-funding limit prevents employers from adequately funding the retirement benefits of employees by pushing necessary funding to later years. This is particularly harsh on small business because a small business does not have the cash reserves and resources that a large firm has, and a small business would be better off if it could more evenly fund the plan. This restriction significantly discourages employers from establishing defined benefit retirement plans for their employees. Pearce stated that the 150 percent of current liability full-funding limit should be

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[1] In fact, according to the Small Business Administration, less than 10 percent of the approximately 5.2 million small businesses in existence in 1994 were in the legal or health services industries.

repealed so that employers can securely fund pension benefits.

- **Small Business Views Pension Benefit Guaranty Corporation Insurance as a Welfare Program for Big Business:** Pearce described why PBGC insurance coverage is essentially meaningless to small-business owners. Pearce explained that many small-business defined benefit plans have become underfunded from the PBGC's perspective as a result of the full-funding restrictions. In other words, the plan is considered fully funded for purposes of the Internal Revenue Code but is considered underfunded according to PBGC rules. When such a plan is terminated, the PBGC has a claim against the personal assets of the small-business owner. When faced with the likelihood of having his or her personal assets attached, the small-business owner invariably elects to waive his or her benefits under the plan rather than have personal assets seized. What did all those years of PBGC premium payments buy the small-business owner? Absolutely nothing. Many small-business owners view the PBGC premium payment system as a welfare program that simply transfers capital from small businesses to large-employer underfunded defined benefit plans. Pearce stated that given the minimal risk of loss to the PBGC, and in the interest of encouraging small-business defined benefit plan coverage, small businesses with fully funded defined benefit plans should be given a discount on their PBGC premiums based on their funded status. In other words, like car insurance, you would get a discounted premium because you constituted a lower risk.

Pearce closed his testimony by noting that ASPA's Government Affairs Committee is working on a number of proposals which will improve the climate for small-business retirement plan coverage. Included among these proposals is a prototype safe harbor defined benefit plan for small business designed to complement the recently enacted SIMPLE plan. Pearce stated that ASPA would be pleased to discuss these proposals with members of the committee.

ASPA Meets with the PBGC

In another government affairs development, ASPA representatives met with PBGC officials February 18 to discuss an ASPA proposal to repeal the 150 percent of current liability full-funding limit. Brian H. Graff, Esq., ASPA's executive director, and George J. Taylor, MSPA, and Edward E. Burrows, MSPA, of ASPA's Government Affairs Committee, met with Marty Slate (who subsequently passed away — see inset box), Nell Hennessy, Joe Grant, Dave Gustafson, and Stuart Sirkin of the PBGC to discuss the proposal. They were accompanied by Ron Gebhardtsbauer, pension fellow of the American Academy of Actuaries, who provided technical input, particularly with respect to bigger company plans.

The PBGC representatives expressed significant interest in the proposal since it would improve the funding of defined benefit plans and hopefully encourage the establishment of small-business defined benefit plans. The PBGC representatives also expressed support for another ASPA proposal to modify the rule which allows employers sponsoring a defined benefit plan with 100 or more participants to deduct contributions up to the plan's unfunded current liability. The proposal would expand the provision to all defined benefit plans regardless of size and would permit deductible contributions up to the plan's termination liability instead of the plan's unfunded current liability. ASPA believes termination liability is a more appropriate actuarial measure for purposes of this provision.

ASPA will continue to work with the PBGC and other government officials on these important proposals which will make defined benefit plans more attractive to small businesses.

Martin Slate 1945-1997

On February 24, PBGC Executive Director Martin Slate died unexpectedly of a heart attack at 51 years old. Slate spent a significant portion of his professional life dedicated to retirement policy issues. ASPA sends its condolences to Slate's family and colleagues at the PBGC.

John C. Seal, formerly deputy executive director of the PBGC, is serving as acting PBGC executive director until a successor is named. Slate was scheduled to be the keynote speaker at the ASPA-IRS Midstates Benefits Conference in April. Nell Hennessy, deputy executive director and chief negotiator at the PBGC, has graciously agreed to speak in his place.

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Lee Ann Veverka
Jennifer L. Vona
Amy J. Walford
Cynthia A. Wallace
Terrence M. Walsh
Marla K. Ward
Karen Warner
Julie A. Weaver
Cynthia D. Webb
Gregory J. Weber
Adam R. Weiss
Mary Weiss
June L. Weston
Kelly J. White
Kristine Whiteside
Bradley W. Whitley
Amy P. Wicker
John T. Wickline
Jennifer R. Wilczewski
Dennis R. Wiley Jr.
Orin L. Williams
Trenton E. Wilson
O. K. Ivy Wong
Denice M. Wright
Stephen C. Wyle
Judy A. Yaklin
Scott A. Yando
Katie J. Younker
Lai Hung Yu
William V. Zakowski
Karen M. Zimmer
Andrew J. Zollman

C-2(DB)

Administrative and Consulting Aspects of Defined Benefit Plans

Craig S. Abbott
Scott C. Albert
Melissa Barr
Angela J. Bivens
Thomas D. Borkowski
Kelley Brewer
Carmen Brunk
Denis Burgess
Elizabeth E. Burns
Randy O. Cater
Natalie L. Cerniglia
Brian G. Cheney
Frank J. Colavito
Margaret E. Cox
Michele M. Dame
Jan L. Davis
Tammy A. DeHaai
Karen F. Dixon
Thomas R. Eckert
Chuck Fox
Lisa J. Gebben
James E. Griffith
Gene M. Gutschenritter
Patrick W. Hale
Lara M. Hampton
Maureen M. Hayburn
Larry G. Johnson
Steven J. Johnson
Debra L. Jonigian-Fox
James P. Koney
Virginia E. Machamer
Melinda L. McKendry
Terri R. Michelsen
Rebecca Miller
Kellianne C. O'Donnell
David Pasternack
Christine M. Pastor
Steven Pulley
Kevin L. Renfro
Teena M. Runyon
Amy R. Smith
Crystal B. Smith
John C. Smith
Frank Y. Suzuki
Anthony E. Van Dervort
Susan Van Meter
Michael A. Viola
Kathryn J. Von Dohre
Sharon D. Wiley
Laura M. Yamamoto
Carolyn Yancey-McAlaster
Mavis P. Yang

C-2(DC)

Administrative and Consulting Aspects of Defined Contribution Plans

Barbara E. Allen
Monique F. Anderegg
Carrie Y. Anderson
Susan M. Anderson
Mary Arcand
Deborah P. Arnott
Alan E. Ashley
Steven S. Baker
Katharina E. Beal
Mary M. Bennett
Todd R. Bleichrodt
Jeffrey N. Bograd
Karen J. Bowser
Arsenia S. Brittell
Jacqueline R. Buckler
Belinda G. Buckley
Elizabeth E. Burns
Denise A. Cadaret-Broschart
Matthew J. Calamita
Ricky G. Canipe
Stephen W. Canter
James L. Carnes
Kathleen A. Chapin
Lori T. Cherry
Clare R. Chesley

Richard D. Childress
Brian R. Christ
Amy Y. Chung
Timothy R. Cinalli
Sharon A. Clarke
MaryAnn Coss
Chat W. Cowherd
Dawn M. Craig
Teresa J. Crancer
Steven J. Curran
George Curry
Beverly L. Davis
Sarah L. Dolezal
Dale Drees
David R. Dunsire
Mark R. Edwards
Rita K. Edwards
Betty Evans
Elena P. Evteeva
Claire M. Eyges
Mustafa Faizani
Holly M. Flinn
Cheryl L. Flocker
Constance S. Fong
John W. Fox
David Frazer
Lori Friedman
Colette B. Gallian
Philip J. Germani
Carolyn P. Grabow
Cindy L. Graf
Edward C. Griffin Jr.
Terri M. Gulliver
Barry Gunnels
Christine M. Haas
Dawn M. Hafner
Christine Hageman
Patrick W. Hale
Karen Holliday Haskins
Jennifer S. Hauboldt
Martha A. Hayner
Patrick G. Henn
Nathan M. Herkowitz
Aracely P. Hernandez
Clare Householder
Susan J. Janawicz
Carla L. Johns
Christine Johnson
Roland Johnson
Monika A. Jones
Sharon L. Jones
Erin S. Kagoro
Krista M. Kauffmann
Terry P. Kelly
Janice K. Ki
Patricia G. Kirsch
Lori A. Koerber
Catherine A. Kolar
Phillip W. Kraft
Daniel E. LaGrone
Michael A. Lauhon
Joseph P. Lindsley
Craig H. Llewellyn
Laura J. Macchietto
Patricia A. MacDuff
Louise Maderos
Rocco D. Marciano
Andrea F. Marovitz
Richard G. Martin
Kathryn D. Mathis
William H. Mayer
Kevin F. McCabe
Jodi McCann
Roxanna R. McCulloch
Katherine B. McGill
Edwin L. McNamara
Shannon M. Meyer
Staci L. Miley
Donatel W. Moore
Lisa B. Mora
Ralph E. Morrison
Elizabeth M. Myers
Sharon K. Newman
Henry A. Niemczyk
Jonathan Nikolis
Heidi L. Nussdorfer
Kevin P. O’Connor
William Clark Olinger
Merlene K. O’Neill
Timothy F. O’Neill III
Kimberly L. Oros
Cheryl L. Patchen
Sarah W. Patterson
Margaret L. Paulone
Audrey Petit
Shane Pfeffer
Diane E. Pierdomenico
Jeannette M. Pilcher
Donna R. Potter
Stephanie Price
R. Joseph Rader
Kurt W. Reinager
Cheryl A. Robinson
Kelly Robison
William L. Rossie III
Heidi L. Routh
Karen S. Sanchez
Oscar J. Santiago
Faith L. Schnell
Deanna M. Semple
Hilary S. Shaw
Bei Sheng
Bobby G. Simmons
Eric M. Slutzky
Susan M. Steed
Chris Stencel
Jack E. Stewart
Jeffrey J. Stoltzfus
Kelley A. Storment
Tammy J. Szelest
Desiree W. Tillmann
Michael N. Todd
Robin G. Todd
Paul Torzilli
Marcus A. Viales
Kyleen R. Wagner
Kara E. Walsh
Tiffany Ward
Reginald S. Warner
Jill A. Waters
D. Taylor Welch
Karilyn K. Wonderlin
Amy M. Wong
Patricia H. Woodman
Debbie L. Worrell
Stephen C. Wyle
Andrew J. Zollman
Gary W. Zurek

C-3

Financial and Fiduciary Aspects of Qualified Plans

George Anastasakos
Daniel W. Bottorff
William Cardiff
Brian G. Cheney
D. Scott Donnellan
Steven R. Eitniear
Michael K. Fischer
Anne E. Grucza
Jeffrey J. Heemstra
Paul Rudolf Hinderegger
Anne E. Horne
Constance E. King
Michele C. Kocak
Ralph J. Lindblom
Donald K. Martin
Ann M. Mikiska
Laura S. Moskwa
Shirleen Noble
Michelle A. Parker
Joyce A. Raupach
Richard M. Rosenfeld
Donna L. Schecher
Jared K. Scott
Jean E. Stuart
Catherine Teagarden
Sara Diane Turner
William E. Wagnon
Virginia Zantidis

C-4

Advanced Retirement Plan Consulting

Christina Marie Arruda
Susan J. Chambers
Elizabeth Drake
Kevin E. Feeney
Patrick J. Flynn
Joyce L. Goodier
Thomas J. Heaney Jr.
Deborah W. Henry
Lisa S. Hoover
Stephen L. James
Jennifer T. Kirby
Sam J. Kneuper
Colette Knobeloch
Megan Aleen Kommer
Deidre L. Miller
Mark F. Neumann
Faith R. Owen
Gustave R. Pollak
Mary Lois Recio
Thomas W. Reese
Jeffrey S. Roberts
Kenneth R. Robertson
Kirsten N. Rozmiarek
Kathleen W. Sampson
Mark D. Swanson
Helga J. Towler
Alicia M. Wiley
Susan E. Wise
Renee M. Yahr

A-4

Advanced Actuarial Practice

John R. Markley

HW-1

Cafeteria Plan Fundamentals

Barbara E. Bolt
Judy A. Calle
Pamela J. Dorner
Marsha J. Faulkner
Anna M. Herr
Michelle Jordan
Michelle A. Klein
Sheryl L. Kopsing
Christine A. Kucera
Terri L. Mangrum
Gladys M. McCulloch
Nancy R. McGorry
David J. Nowacoski
Helen Rosplock
Beverly T. Teraoka
Charles J. Tobin

Pension Administrator Exam (PA-1) Pass List

March 15, 1996 - June 15, 1996

Jennifer H. Aker
Monique F. Anderegg
William L. Andrews
Timothy C. Angel
James S. Apistolas
Emily Karst Appel
Jodi L. Aschenbrenner
Kevin Ashman
Rachelle C. Ashworth
Daren E. Ayers
E. Julia Baker
Linda C. Baker
Steven S. Baker
Daniel P. Barry
Verna R. Baumgartner
David Bell
David M. Bernard
Jeanne L. Blake
Nancy A. Blakey
Bryan F. Boggs
Gerald P. Bosse
Michelle B. Bowles
Laura S. Brady
Donna J. Breaux
C. Bryant Brink
Nedra R. Brooks
Lora E. Brothers
James K. Bryson
Trisha M. Burns
Jon K. Butler
Diana N. Campbell
Kimberly L. Campbell
Casey T. Carter
L. Vanessa Cascio
Michelle L. Castleman
Margaret A. Cecora
Christopher M. Chastain
Wendy S. Clements
Quentin W. Climer
Marie E. Cochrane
Christian S. Coleman
Christine M. Conroy
Rebecca L. Cook
Cindy D. Coonrod
MaryAnn Coss
M. Kathleen Craig
Jennifer Diann Cram
James V. Cunningham
Michael P. Daily
Mark A. Davis
Mark K. Davis
Kent B. del Carmen
Daniel G. DeLoria
Rosemary M. DeMark
Maureen Denver
David A. Devincenzi
Kathleen D. Devore
Douglas M. Dluzyn
Michelle Domangue
Catherine J. Drew
Redona A. DuPree
David S. Durham
Mary J. Durkin
Kelly R. Espich
Marilee K. Etzler
Linda L. Fairbanks
Becky Farrar
Keith A. Fenstad
Steven A. Ferguson
Julie France
Joseph K. Fridlington
Kimberly J. Frye
Kara L. Garcia
James H. Garwacke
Philip J. Germani
Debra D. Gibson
Bradley T. Gilcrease
Christian A. Giorgi
Susan Gordon
Heather J. Graham
Angela M. Gray
Debby H. Gray
Kimberly K. Griffiths
John S. Griggs
Susan T. Guck
Elizabeth A. Guinan
Jeffery A. Gunderson
Ronald A. Hall
Lara M. Hampton
Jennifer C. Hansen
Cheryl Walters Hanson
Karen E. Harkins
Sarah E. Harville
Ires R. Hecht
Andrea L. Hendrixson
Victoria Hilliard
Michael S. Hooten
Mary A. Horn
Michael D. Houser
Christine M. Hudson
David K. Hulstine
Theresa L. Hunter
Renee J. Jacobs
Voni J. Jacobson-Boyer
Jacqueline A. Johns
Beverly S. Johnson
Jean M. Jones
Douglas S. Jordan
Ronald M. Kaplan
Krista M. Kauffmann
Kirsta L. Kells
Cheryl Kempler
Gina C. Kitchen
Jeffrey M. Kitsko
Claire E. Knauth
Lori A. Koerber
Phillip W. Kraft
Renea A. Kreilach
Judy A. Lampe
Beverly A. Lanier
Amy P. LaPorte
Julie L. Lattimer
Thomas P. Lee
William P. Lehman Jr.
Wilma J. Levy
Michael M. Lippincott
Catherine A. Loch
Janet L. Loher
Kevin R. Long
Robin M. Louthen
Ian D. Macduff
Earlene L. Mahan
Debra C. Mailberg
Kara P. Maloney
Catherine D. Marasch
Ralph P. Marothy
Michael Marsico
Theresa A. Mattucci
Cynthia A. Maxwell
Jill A. Mazzarelli
Diana K. McCombs
Kenneth D. McDonald
Douglas S. McDonnell
Morgan D. McKay
Melinda L. McKendry
Suzanne M. Milledge
Nancy L. Miller
Ty S. Minnick
Adam Mitchell
Margaret S. Moeller
Carlton L. Monroe
Donatel W. Moore
Monty L. Moore
Dana P. Morgan
Joel Moskowitz
Stacy E. Moss
Collette M. Mustain
Janis F. Newton
Suzanne D. Newton
Brenda A. Nichols
Kristi L. Nieman
Kevin T. Noll
Sally A. Nowak
Steven A. Nuernberg
Teresa M. Oasen
Kelly O'Donnell
Vicki L. O'Neal
David R. Pena
Kimberly S. Penny
Wendy E. Perales
Marilyn E. Perry
Kelly J. Phillips
Jeannette M. Pilcher
Carol L. Platter
Kevin J. Plymyer
Kathy L. Powell
Jo-Anne M. Precourt
Lisa C. Preece
Jonathan E. Pritchett
Denise L. Prose
Cheryl L. Rebholz
MaryJane Reichert
Cassandra Richardson
Henry E. Riger
Cheryl A. Robinson
Debbie A. Rogers
Thomas M. Ropke
Patrick F. Rouse
Reggie M. Roxas
Thomas S. Rumbaugh
Lisa A. Russell
John D. Sadowski
Karen S. Sanchez
Krista M. Sanders
Carolyn E. Sands
Peggy C. Schooley
William Schrader
Rachelle A. Schram
Carrie M. Schroeder
Kathy F. Schueler
Val E. Seaberg
Susan C. Seifert
Cynthia A. Sembach
Deanna M. Semple
Ruth A. Seufert
Paulette Renee Severt
Elizabeth U. Sherring
Jennifer E. Shetrom
Galynne Shimerka
Michelle L. Shultz
Jeffrey L. Simerman
Theresa M. Slagle
Todd Slocum
Carol A. Smith
Terri L. Smith
Tristan M. Smith
Robin Snider
John A. Sonnek
Deb J. Sorg
Lynn E. Spelman
Richard C. Spence
Jerri A. Sproat
Kathleen Sullivan
Angela M. Swaim
Ellen Swartz
Sean R. Swift
Anne D. Talarico
Matthew F. Thomas
Todd C. Thomasy
Pamela W. Tilley
David Tomasetti
Jody L. Trostle
R. Andrew Turner
Sandra J. Tuttle
Romaine A. Vance
Kaohly Vang
Steven M. Venable
Anthony B. Vendittelli
Eric P. Wagner
Wynn C. Wallace
Mark Waltenburg
Debra D. Warren
Denise E. Watts
Sheila R. Webber
D. Taylor Welch
Gene Wenczkowski
John F. Wharton
Sandy Wiener
Pamela D. Wilfong
Donna L. Wilhelm
Julie H. Williams
Stephanie A. Wilson
Zakia Wilson
Robert H. Wilt
Ronald T. Winfree
Steven L. Wolitzky
Michelle T. Wright
Henry W. Wycislo
Lai H. Yu
Michael E. Zahner

Welcome New Members and Recent Designees.

October 1996 - February 1997

MSPA

David Block
Joseph B. Boyle
Lisa M. Coates
Robert D. Conkel
Brian D. Cudney
Peter Demos
Michael C. Gunvalson
Duane Hanf
Joseph P. Karlovich
Janet J. Kinkeade-Williams
Carroll Kinnaman
Cynthia A. Marzka
Joan E. McCabe
John R. McCaw
Donna R. Miller
Donald F. Morrison
Richard T. Najjar
Salwa G. Raven
Gerald Shea
Ronald O. Spitz
Eugene J. Sullivan Jr.
Charles E. Talbert

CPC

L. Joann Albrecht
Rhonda C. Becker
Terrance J. Borton
Catherine L. Chatfield
Robert D. Conkel
Pamela J. Constantino
James L. Coryell
Thomas W. Danielewicz
Elizabeth B. Dickie
Susan Eissler
Robin Goldstein
Donna L. Hill
Joe R. Long
Peter J. Opitz
Debra I. Raphael
Kathleen W. Sampson
Sharon L. Severson
Natalie D. Vaughn
Brent A. Wolfe
Lauren K. Zell

QPA

Judith A. Badaracco
Jacqueline M. Carmichael
James L. Coryell
Eleanor Collins
Elizabeth Drake
David C. Gilmore
Vicki Graft
Linda Gulbrandsen
Mary Jo Hartman
Joseph F. Jicks Jr.
Paul Rudolf Hinderegger
Stephen A. Hughes
Cheryl Hulbert
Edward G. James
Lisa L. Jones
Cheryl A. Karparis
Mary Ella Keblusek
Rick E. Kennedy
Constance E. King
Constance S. King
Kenneth J. Kranyak
Terri J. Lavallee
Deborah A. Lavigne
Miriam G. Matrangola
Richard P. McCord
Maria Miller
William L. Pfadt
Karen N. Pless
Michael S. Radoff
Joyce Ronson
Jeffrey T. Sparks
Niels E. Tave
William Wagnon
Thomas E. Weinshenker
Alicia M. Wiley

APM

Dana Akerman
Joyce Annenberg
Katharina E. Beal
Dorothy M. Breakstone
Saul F. Feingold
Shannon K. Gilbert
Howard Goldstein
Michael R. Haya
Michael Hultzapple
Jay C. Kaufman
Arthur L. Lougheed
R. Scott Lutton
Catherine Miller
Sally Ryder
Michael P. Sculley
Richard Sallese
James R. Sneed
Bridget Toomey
Jeffrey G. West

Affiliate

Claire Albek
Sandra L. Aldrich
Armour Anderson Jr.
Valerie J. Anderson
Perry S. Bacon
Barbara A. Beck
Suzanne M. Borrell
Justine M. Brown
Cindy Buller
Stephen J. Butler
Carolyn A. Campbell
Stephen W. Canter
Susan R. Casanova
Robert L. Cecil
Stanley E. Clarke
Liz-Ann Collins
Christopher A. Colwell
Kenneth Comeau
Tamara Cronin
Jodie A. Dailey
Teresa Smith Deetz
Dorothy J. Ditton
Evaristo Diz Cruz
Kathryn Duke
Mark R. Edwards
Kevin N. Falcone
Christopher Francis
Denise N. French
Tim Friedman
Susan E. Gaunt
David Greengold
Judi L. Griffin-Gilder
Carol Gunsett
Stephen M. Haber
Laura Hartman
Anthony K. Helton
Peter F. Hibbard
Gregory Hobson
Kathy A. Inman
Roger D. Johnson
Elaine Kaneshiro
Constance E. King
Alan D. Krueger
G. Alan Lackey
Thomas J. Laessig
Carol Lawton
Stephen G. Lazarek
Robert Mitchell Lemen
David W. Lewis
Linda A. Link
Martha Lipp
Stephen E. Long
Kathryn M. Longo
Elizabeth A. Lutz
Judy Lynch
Allen Marder
Joanne Marko
Jeffrey T. Marzinsky
William G. McGhee
Colleen Miller
Amy D. Millsaps
Alan H. Moore
Michelle G. Murphy
Vicki Northrop
Enid O'Donnell
Sandra A. Ogilvie
Penelope N. Parker
Tim Paschall
Susan M. Peterman
Glorya G. Potts
Valorie Powers
Steve Rabinaw
Carl Randall
George T. Ray
Michael Rigney
Raymond Rinfret
Sharon L. Roberge
James M. Santee
Sharon Satkus
Robert F. Savard Jr.
Paul R. Schnitman
Alan Schwartz
Phil Schwartz
John R. Scott
Ann Shanley
Michiko Shoda
Kathleen A. Smith
William G. Smith
Richard C. Spence
Jeffrey W. Stowers
Michele Szeretrai
Sheree Tallerman
R. Bruce Tanner
James M. Thomas
Joseph D. Thomas
Christine Thurman
Shelley Toombs
Kimberly K. Tucker
Susan Vollmer
Ray Wagner
George T. Wilcox
Dana Wojcik

1997 Business Leadership Conference

Staying Competitive in a Changing World

The 1997 Business Leadership Conference, at the beautiful Doral Golf Resort and Spa just minutes from the Miami International Airport, will be held May 4 - 7.

This year's conference centers around the theme ***"Staying Competitive in a Changing World."*** **Richard Palmer**, former president of Western Textiles, will kick off the BLC with the presentation, **How to Transform Your Management Systems to Make More Money, Work Less, and Have More Fun.** Louis A. Maier III, BLC Committee chairperson, said, "Dick has been a frequent speaker for groups of the Executive Committee (an organization of executives dealing with leadership and strategic issues). I've had the privilege of being part of one of Dick's presentations and found it very stimulating and helpful in evaluating my company's internal policies relative to work flow, organization, commitment to excellence, and personnel issues and policies."

Two sets of workshops will be offered on Monday morning. Participants can select either the **Daily Processing Issues** workshop or the **Technology — Internet and World Wide Web** workshop. The Daily Processing Issues workshop addresses developing a product line that brings services for daily-priced systems to your clients. The Technology workshop will include topics such as the benefits of the Internet as they relate to pension firm practices and the foreseeable World Wide Web home pages that will bring end users specific forms and other relevant information. The second set of workshop choices includes a presentation by **Alex Brucker**, **Legal Liability Management** issues and **New Ideas to Bring Value to Your Customers and Clients,** which will include discussions on registered investment advisors, education of participants, and mutual fund alliances.

Doral Golf Resort and Spa
Miami, May 4-7

On Tuesday morning, **James Cecil**, president of the West Coast Marketing Group, will first review how to retain clients and communicate that pension administrators are the primary source for solutions in the retirement planning area, and second, how to target prospective clients. In both circumstances, Jim will recommend a highly automated process of client and prospect communication that is available to virtually everyone who has a PC.

Wednesday morning's schedule includes a two-part general session about competition. The first part, **Competition for Employees,** will be a presentation of the preliminary results of the 1997 ASPA Financial Survey. **Stephen J. Butler**, author of *The Decision-Maker's Guide to 401(k) Plans*, will present the second part of the session, **Competition for Clients.** Steve will discuss a process that he developed to analyze all of the relevant costs of 401(k) plans, including the obvious administrative fees which are presented to clients. He extends the analysis into the performance and costs relative to investment vehicles, which are, by necessity, a part of every retirement plan. His pattern of analysis will be helpful to anyone who has run into competitive proposals and deals with any issues of client retention.

While these sessions, workshops, and discussion groups should prove to have outstanding value, they are only part of the BLC benefit," said Maier. "As a participant in every BLC since its inception in 1986, I can tell you that one of the most important benefits of the BLC is the ability to network with other pension administration firms and discuss issues that we all deal with within the operation of our businesses," he continued.

Recognizing that smaller firms have different issues, capacities, and solutions than some of the larger firms, the conference aligns participants not only by geographic area but also by firm size. In addition, there will be an optional, peer group networking session, which will allow the freedom and flexibility to network with all conference participants.

Conference registration
extended to April 11

The facilities at Doral Golf Resort and Spa include four championship golf courses, including one of the United States' best golf courses, the newly restored Blue Monster, as well as a number of pools, and the Arthur Ashe Tennis Center. Many of the past BLC participants have taken an extra day or two on either side of the conference to continue to network and relax.

For more information and registration forms for the Business Leadership Conference, please call the ASPA Meetings Department at (703) 516-9300.

1997 Regional Seminars: Two Events in Each Location

ASPA has a long tradition of providing interesting, comprehensive, and affordable pension-related educational seminars designed for practitioners and plan sponsors. This year, the Eastern Regional Seminar and the Western Regional Seminar will again provide opportunities for the industry to obtain timely and specific practical information and techniques during these 2½-day seminars.

The regional seminars have been widely acclaimed for the quality of the programs and the small-conference "feel." The session formats include interactive workshops, panel discussions, and lectures by our industry's finest speakers on a variety of topics. A few of the same sessions will be presented at both seminars, including: Family Aggregation Unraveled; Keeping Current; Pitfalls of Administering Prototypes; 401(k) vs. 403(b) Pros and Cons in a Not-for-Profit Organization; and the Pension Simplification Update.

The regional seminar benefits include these:

More than 20 workshops — Workshops are designed to explore pension and business management topics. There will be something for everyone.

Written materials — You'll receive comprehensive written materials, including case studies.

Learn and earn — Don't miss your opportunity to earn 20 ASPA continuing education credits and an expected 19.5 JBEA credits (although the final decision as to enrolled actuary credit rests with the Joint Board).

Registration discounts — Discounts are available for multiple registrants from the same firm.

Networking — You will have many opportunities to interact with your peers.

In conjunction with each regional seminar will be a one-day workshop that highlights a specific area. The Plan Design Workshop will be offered June 1 with the Eastern Regional Seminar, and the Successful TPA Firm Workshop will be offered July 13 with the Western Regional Seminar. The workshops are the only education offering on June 1 and July 13; however, registration will be open for both regional seminars on those days. **New this year** — The receptions for both seminars will be held on Monday night, rather than Sunday evening.

For more information and to receive registration forms, please call the regional seminar coordinator in the ASPA Meetings Department at (703)516-9300.

LAN DESIGN WORKSHOP

JUNE 1

The Eastern Regional Seminar offers a mix of new speakers, industry-favorite session leaders and speakers, and new topics. Scheduled sessions include these: Ask the Experts; Independent CPA Audit Issues; IRA-Based Plans: SEPs and Not-so-SIMPLEs; QDROs; Prohibited Transactions; Employee Notices and Benefit Statement Requirements; and Virtual Consulting (Internet).

The Plan Design Workshop, to be held on June 1, will provide practical case studies and sample materials to help build benefits and consulting practices. It will be an interactive forum with panelists and participants addressing all related issues. Participants will hear (1) What questions do you need to ask your prospective client to design the perfect plan for them?; (2) When is a 401(k) plan not the right plan for your client?; (3) How can you start rebuilding your defined benefit plan practice in anticipation of the repeal of section 415?; (4) How can you propose an employer's entire benefits program without effectively becoming the employer's human resources department?; and (5) What buzzwords do you need to know when going out to sell a new plan?

Hotel Inter-Continental New Orleans

444 St. Charles Avenue, New Orleans, LA 70130
Hotel Reservations: (504) 525-5566

EASTERN REGIONAL SEMINAR

JUNE 2-4

ASPA Presents Eight One-Day 401(k) Workshops

ASPA is pleased to announce eight one-day workshops on 401(k) issues designed to provide a forum for participants to learn and share information on topics such as:

- ADP and ACP Testing
- Minimum Participation and Minimum Coverage Rules
- Corrective Measures for 1997
- Plan Asset Regulations
- 5500 Issues
- Administrative Policy Regarding Self-Correction
- Mergers, Acquisitions, and Dispositions

These intermediate-level workshops will be presented in locations across the United States.

- April 25 — San Francisco
- April 28 — Houston
- April 28 — Columbus, Ohio
- May 16 — Atlanta
- May 16 — St. Louis
- May 19 — Tampa, Fla.
- June 20 — Philadelphia
- June 20 — Chicago

Each workshop is designed to provide eight ASPA credit hours and eight hours of noncore credit for enrolled actuaries. The final decision as to enrolled actuary credit rests, however, with the Joint Board for the Enrollment of Actuaries.

The workshops are being cosponsored by the American Academy of Actuaries, the ASPA Pension Education and Research Foundation Inc., the Conference of Consulting Actuaries, the National Institute of Pension Administrators, the Society of Actuaries, and the WEB Network of Benefits Professionals.

For additional information please contact the ASPA Meetings Department at (703) 516-9300.

The Successful TPA Firm Workshop

July 13

The Western Regional Seminar will highlight 12 new subjects and five new speakers. Many of the new subjects revolve around the recent pension simplification legislation and regulations. Other subjects include these: The Pension Practitioner's Guide to the Internet; Independent Contractor Alert; 401(k) Plan Compliance; and Defined Benefit Plan Administration for the Experienced DC Administrator.

The Successful TPA Firm Workshop, to be held on July 13, is an interactive forum designed for panelists and attendees to share ideas that help the TPA firm to focus on areas of importance for success. The issues facing our industry are among the most difficult and practitioners are held to a very high standard by both our clients and the various governmental agencies. The three main issues panelists will address include: (1) How to get the most out of your marketing efforts; (2) Managing your liability and limiting your malpractice risk; and (3) Identifying your computer needs.

The Westin Hotel Seattle

1900 5th Avenue, Seattle, WA 98101
Hotel Reservation: (206) 728-1000

Western Regional Seminar

July 14-16

Ninth Annual Practitioners Award

Actuarial Education and Research Fund

Have you worked on something in the past year of which you are particularly proud? Or, do you know someone who should be rewarded in some manner for work that is unusual or unique?

Each year, the Actuarial Education and Research Fund invites submissions for the Practitioners Award. The award is intended to accomplish two objectives. It recognizes the considerable research done by actuaries in nonacademic work, and it encourages the publication of research done in pursuing normal job duties.

The work need not be exhaustive. It should be practical and innovative.

Judges look for —

- Research done as part of the author's normal job duties as opposed to research performed specifically for publication or for this competition,
- Research that has practical applications,
- Applications of actuarial techniques to problems in traditionally nonactuarial areas,
- Unusual approaches in analyzing economic trends with conclusions that can prove useful to actuaries in making long-term predictions, and
- Innovative shortcuts in handling formulae to make calculations easier or more efficient.

The work need not be written up as a formal paper as long as it is described clearly and understandably.

Submissions must be received by June 2, 1997. They should be addressed to —

Curtis E. Huntington, Executive Director
Actuarial Education and Research Fund
475 N. Martingale Road, Suite 800
Schaumburg, IL 60173-2226 USA

The winner will be awarded $1,000 (U.S.). Two second prizes may be chosen, depending on the merits of submissions. Winning entries will be published in the *Actuarial Research Clearing House*.

Criteria for judging:

- Authors must be members of at least one of the following seven sponsoring organizations of the AERF: The American Academy of Actuaries, the American Society of Pension Actuaries, the Canadian Institute of Actuaries, the Casualty Actuarial Society, the Colegio Nacional de Actuarios, the Conference of Consulting Actuaries, or the Society of Actuaries.
- Authors must not be substantially employed by an academic institution. This means that their main employment must be for an insurance company, consulting firm, government or other nonacademic employer.
- The work must be actuarial in nature; computer programming, for example, would not qualify.
- The work must be submitted to verified peer review by a member of one of the sponsoring organizations. **A letter from the peer reviewer must accompany the submission.**
- The work cannot have been previously published or be in the process of publication elsewhere. Items published include books, journals, newsletters, company publications, or any other type of publication that is widely disseminated.

The AERF is solely responsible for the selection of the winner. The AERF reserves the right to decline to make any awards should the board of directors determine that no entries merit a prize.

Previous Winners

1988 Charles S. Fuhrer	1991 William F. Bluhm	1993 Howard L. Slaney
1989 Alfred O. Weller	1992 Robert B. Crompton	1994 Howard L. Slaney
1990 Thomas N. Herzog	Daniel F. Gogol	1995 Sarah L. M. Christiansen
Theresa R. DiVenti	Steven P. Miller	

Federal Government Telephone Numbers

Pension Benefit Guaranty Corporation

Acting Executive Director	John Seal	(202) 326-4010
Deputy Executive Director and Chief Operating Officer	Joseph Grant	(202) 326-4010
Deputy Executive Director and Chief Negotiator	Ellen Hennessy	(202) 326-4010
Deputy Executive Director and Chief Financial Officer	N. Anthony Calhoun	(202) 326-4170
Acting Deputy Executive Director and Chief Management Officer	Kathleen Blunt	(202) 326-4180
General Counsel	James J. Keightley	(202) 326-4020
Director, Insurance Operations	Bennie Hagans	(202) 326-4050
Manager, Standard Termination Compliance Division	Anna Gilreath	(202) 326-4000
Chief Financial Actuary	Joan Weiss	(202) 326-4051
Chief Policy Actuary	Dave Gustafson	(202) 326-4080
Problem Resolution Office—Participant Problems	Ondrea Gill	(202) 326-4006
Problem Resolution Office—Premiums	Diane Morstein	(202) 326-4061

Internal Revenue Service Employee Plans Division

Director	Carol Gold	(202) 622-8300
Executive Assistant to the Director	Richard Westley	(202) 622-6730
Chief, Project Branch 1	Kenneth Yednock	(202) 622-7428
Chief, Project Branch 3	Richard Wickersham	(202) 622-8320
Chief, Actuarial Branch 1	James Holland	(202) 622-8330
Chief, Actuarial Branch 2	Kathy Marticello	(202) 622-7529
Chief, Technical Branch 1	John Swieca	(202) 622-6077
Chief, Technical Branch 4	Jack J. Riddle	(202) 622-7399

Employee Plans Actuarial Taxpayer Assistance

Monday - Thursday 2:30 p.m. - 4:00 p.m. Eastern time	Actuarial Questions	(202) 622-6076

Employee Plans Taxpayer Assistance Hotline

Monday - Thursday 1:30 p.m. to 3:30 p.m. Eastern time	Nonactuarial Questions	(202) 622-6074/5

Department of Labor—Pension and Welfare Benefits Administration

Assistant Secretary	E. Olena Berg	(202) 219-8233
Deputy Assistant Secretary for Program Policy	Meredith Miller	(202) 219-8233
Deputy Assistant Secretary for Program Operations	Alan Lebowitz	(202) 219-8233
Senior Director of Policy and Legislative Analysis	Morton Klevan	(202) 219-9044
Acting Director of Enforcement	Billy Beaver	(202) 219-8840
Acting Director of Information Management	John Helms	(202) 219-5514
Director, Program Planning, Evaluation and Management	Brian McDonnell	(202) 219-6471
Director of Program Services	Sharon Watson	(202) 219-6999
Director of Regulations and Interpretations	Robert Doyle	(202) 219-7461
Chief, Division of Coverage	Susan Lahne	(202) 219-8521
Chief, Division of Fiduciary Interpretations and Regulations	Bette Briggs	(202) 219-6958
Chief, Division of Reporting and Disclosure	Joe Canary	(202) 219-8515
Chief, Division of Reporting Compliance	Ron Allen	(202) 219-8770
Chief Accountant	Ian Dingwall	(202) 219-8818
Public Affairs	Hal Glassman	(202) 219-8921
Executive Secretary, ERISA Advisory Council	Sharon Morrisey	(202) 219-8753

1995-1996 Continuing Education Cycle Closes

The deadline for filing your continuing education reporting form for the 1995-1996 cycle was January 8, 1997. The continuing education program affects all individuals who earned a designation after 1990. **If you earned a designation after 1990 and did not file your continuing education form for the 1995-1996 cycle, the use of your designation has been suspended**.

What can you do to get your designation back? The suspension of your designation will end upon completion of the number of hours lacking, payment of a $100 processing fee, and approval for reinstatement by the Continuing Education Committee. If a member is reinstated in this fashion, these "make-up" hours will not also be credited toward the CE requirements for the cycle in which you apply for reinstatement.

The ASPA office recently sent letters to all those members whose designations have been suspended. If you have any questions about the continuing education program requirements, please contact the Education and Examination Department at the ASPA office at (703) 516-9300.

Board Nominations Open Until August

Nominations are now being accepted for seats on the 1998 ASPA board of directors. To be considered, nominations must be submitted in writing by at least two ASPA members with voting privileges. If you would like to nominate a credentialed ASPA member (FSPA, MSPA, CPC, QPA, or APM) to serve a term on our board, please fill out a nomination form (enclosed with this issue for ASPA members) and return it to the ASPA office before August 31.

Calendar of Events

		ASPA CE Credit
April 15	Final deadline for filing applications for jointly sponsored examinations A-1 [EA-1(A)] and A-2 [EA-1(B)]	
April 17-18	Midstates Benefits Conference — Chicago	15 credits
April 18-19	A-1 [EA-1(A)] course — Chicago†	15 credits
April 20-21	A-2 [EA-1(B)] course — Chicago†	15 credits
April 25	401(k) One Day Workshop — San Francisco	8 credits
April 25-26	A-1 [EA-1(A)] course — Los Angeles†	15 credits
April 27-28	A-2 [EA-1(B)] course — Los Angeles†	15 credits
April 28	401(k) One Day Workshops — Houston and Columbus, Ohio	8 credits
May 1	Early registration deadline for ASPA June examinations	
May 2-3	A-1 [EA-1(A)] course — Washington, D.C.†	15 credits
May 3-4	C-1 course — Philadelphia	15 credits
May 3-4	C-2(DB) course — Chicago	15 credits
May 3-4	C-2(DC) and C-4 courses — Los Angeles	15 credits
May 4-5	A-2 [EA-1(B)] course — Washington, D.C.†	15 credits
May 4-7	Business Leadership Conference — Miami	10 credits
May 10	Final registration deadline for ASPA June examinations	
May 16	401(k) One Day Workshops — Atlanta and St. Louis	8 credits
May 17-18	C-2(DB) course — Jacksonville, Fla.	15 credits
May 17-18	C-3 and C-4 courses — Philadelphia	15 credits
May 19	401(k) One Day Workshop — Tampa, Fla.	8 credits
May 20	Jointly sponsored examinations [A-1 EA-1(A)] and A-2 [EA-1(B)]	*
May 30	Northeast Key District Employee Benefits Conference— White Plains, N.Y.	5 credits
June 1	Plan Design Workshop — New Orleans	8 credits
June 2-4	Eastern Regional Seminar — New Orleans	20 credits
June 4	C-1, C-3, and C-4 exams	*
June 5	C-2(DC) exam	*
June 6	C-2(DB) and HW-1 exams	*
June 20	401(k) One Day Workshops — Philadelphia and Chicago	8 credits
July 13	The Successful TPA Firm Workshop — Seattle	8 credits

July 14-16	Western Regional Seminar — Seattle	20 credits
Sept. 18-19	Western Region IRS/Practitioners Benefits Conference — Los Angeles	15 credits
Nov. 2-5	1997 Pension Actuaries and Consultants Conference — Washington, D.C.	20 credits

† ASPA offers these courses as an educational service for students who wish to sit for examinations which ASPA cosponsors with the Society of Actuaries and the Joint Board for the Enrollment of Actuaries. In order to preserve the integrity of the examination process, measures are taken by ASPA to prevent the course instructors from having any access to information which is not available to the general public. Accordingly, the students should understand that there is no advantage to participation in these courses by reason that they are offered by a cosponsor of the examinations.

* Exam candidates earn 20 hours of ASPA continuing education credit for passing an exam and 15 hours of credit for failing an exam (with a score of no less than 5).

Nominations Open for 1997 Harry T. Eidson Founders Award

The Harry T. Eidson Founders Award recognizes exceptional accomplishments that contribute to ASPA or the private pension system or both. The award is given in honor of ASPA's late founder, Harry T. Eidson, FSPA, CPC.

These criteria are used to determine the nominee:

The contribution must be consistent with the ASPA mission statement and should have a lasting, positive influence on ASPA or the private pension system.

The contribution may be current, one that spanned many years, or one made years ago which ASPA or the private pension system benefit from today.

The contribution should be a result of time devoted above and beyond reasonable expectations, not a result of time spent primarily for personal gain.

The contribution may be one recognized on a national basis or one more local in nature. Publicity is not a criterion.

ASPA's Membership Committee would like to make the recommendation for the award after considering a broad base of nominations drawn from the range of ASPA's membership. If you know someone you believe meets the criteria, please fill out the nomination form enclosed with this issue and return it to ASPA.

The recipient need not be an ASPA member. If no deserving candidate is found, no award will be given.

The award is presented at ASPA's annual Pension Actuaries and Consultants Conference, and the winner's name is engraved on a plaque in the ASPA office.

Previous winners: John N. Erlenborn in 1996, Edward E. Burrows, MSPA, in 1995.

Nominations will be accepted until May 5.

New APRSC

Continued from page 5

consequences of failing to take the proper steps to protect the plan.

Conclusion

In our view, the one-year self-correction period is a favorable change, since virtually any operational violation can now be corrected during the 12-month correction period without filing under an IRS remedial program and without having to pay a sanction or filing fee.

Experience may prove us wrong, but the "insignificant defect" portion of the APRSC appears to be less valuable because the term "insignificant" is vague and largely defined and because it is ultimately in the discretion of a revenue agent. Thus, any operational error discovered *after* the one-year self-correction period must be looked at carefully to see whether a VCR or SVP filing should be used to protect the plan (and, not incidentally, the plan's advisors).

C. Frederick Reish, Esq., APM, is a founder of and partner with the national law firm Reish & Luftman. He is a cochair of ASPA's Government Affairs Committee. Bruce L. Ashton, Esq., APM, also a partner with Reish & Luftman, is the chairman of the Enforcement Subcommittee of the Government Affairs Committee.

Editor's Note: The authors of this article played a large part in the creation of the new APRSC program. The IRS national office frequently consulted the authors during the development of this program. ASPA congratulates the authors for their involvement in the new APRSC, which will be important to all ASPA members. BHG

PIX Digest

PIX Thread of the Month: Fixed Benefits — Fractional Accruals

This thread discusses in some detail the duties of an enrolled actuary in valuing a plan that apparently has an impermissible benefit formula.

The plan in question apparently has a fixed benefit formula with fractional accruals, but with no reduction for less than 25 years of participation. As luck would have it, the highly compensated employee would have less than 25 years, but the valuation shows a full benefit for this employee. The plan does have a current favorable determination letter.

In the discussion that followed, the role of the actuary was discussed. Is the enrolled actuary obliged to follow the terms of a plan that appears to be defective? Does this change if the plan has a determination letter? What duty does an actuary have to disclose plan defects to the sponsor? Furthermore, how does one go about fixing a defective plan with a determination letter? Should the IRS be involved? Are there cutback issues to be concerned with?

While the language of the plan is less than clear, the participants in this thread concluded that it is likely that the plan language was intended to provide just the benefit accrued-to-date for each participant as of their normal retirement age, and that the valuation showing a full benefit was in error. Another participant, however, pointed out that the favorable determination letter protects the plan from IRS disqualification of its terms, but it does not safeguard the plan from an ERISA problem. While the ultimate duty of the enrolled actuary was not settled, it was the consensus that disclosure of the issue and a plan amendment were probably in order. Download the thread actduty2.fsg to read the entire discussion.

Toward a National Retirement Income Policy — ASPA's Role

With the election over, three proposals issued from the commission to study Social Security, and the baby boom generation continuing to get older, the role and reform of Social Security have again moved to the front burner in Washington. Is the three-legged stool of retirement income still valid, or is a fourth leg necessary, to include continued employment beyond "retirement"?

ASPA, of course, is a proponent of the private pension system. Should ASPA play a role in the public debate over Social Security? In the thread "Retirement Income Policy," ASPA past-president Paul S. Polapink, MSPA, posed the following questions:

1. Should ASPA take an active role in providing creative input on both Social Security and retirement income policy?
2. What can be done in terms of overhauling or replacing the current Social Security program?

More than 125 messages were posted to this thread discussing policy proposals, ASPA's proper role, and workforce education and demographics. To review this thread, download the file SocSec2.fsg. Of course, if you want to add to this discussion, post your messages to this thread in the ASPA section of Forum 1.

SIMPLE Plans Continued

SIMPLE plans continue to generate a lot of interest among PIX users. In the thread "Designated Financial Institutions (DFIs)," PIX users discuss the DFI rules of SIMPLE plans, IRS Notice 97-6, and which financial institutions are and are not acting as DFIs. The required option of allowing SIMPLE participants to move their funds to another institution at no cost, and the costs to the DFI of offering this, are also discussed. Download the thread simple3.fsg to read all about it.

PBGC Proposes New Standard Termination Rules

The Pension Benefit Guaranty Corporation has proposed new rules relating to the termination of PBGC-covered defined benefit plans. The new rules are supposed to make the termination process simpler and extend some of the previously difficult deadlines in this process. You can download these proposed rules in the file pbgc.txt in library 2

PIX BBS support and registration information

voice : (805) 683-4334 • fax: (805) 683-0369