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## New research examines risks and rewards of lifetime pension pool design elements

**Ottawa/Schaumburg, December 11, 2023** – The Canadian Institute of Actuaries (CIA) and the Society of Actuaries (SOA) Research Institute are pleased to release a comprehensive report that examines the intricacies of lifetime pension pools, also known as variable payment life annuities or VPLAs in Canada, and shares optimal design elements.

The report *Exploration of Lifetime Pension Pool Design Elements* focuses on modern retirement arrangements that enable retirees to convert a single premium into income for life, varying with investment and mortality experience. With growing interest in these pools, the pace of adoption is dependent, in part, on an evolving regulatory framework, effective communication and further consensus on optimal design elements.

Focusing on closed and open pools, hurdle rate policy, and delayed recognition of gains and losses, the report contributes to ongoing discussions and paves the way for informed decision-making in the implementation of lifetime pension pools. It also shows that most design elements give rise to trade-offs between risk and reward.

“Our general motivation for this research was to understand more about these lifetime pension pools. There was already a fair bit written on the topic in the last 20 years, but most of it was abstract and not very close to practice. We wanted to start closing this gap,” says Jean-François Bégin, FCIA, FSA and co-author of the report. “We expect to see more lifetime pension pools in the future as their underlying structure further evolves and more experience is gained in implementation.”

“As these new pools become a reality, it is crucial that actuaries and plan sponsors understand the risks and are able to communicate them effectively,” adds co-author Barbara Sanders, FCIA, FSA. “Our report takes an important first step towards that by highlighting the impact of different design choices on risks and rewards, helping stakeholders weigh the various implementation options available to them.”

The joint efforts of the CIA and the SOA Research Institute in commissioning this research underscore their commitment to advancing knowledge within the pension and annuity landscape. By raising awareness among practitioners, they can make informed decisions and contribute to the ongoing evolution of best practices within the field.

Read the full report in [English](#) or [French](#).

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With roots dating back to 1889, the Society of Actuaries (SOA) is the world's largest actuarial professional organization with more than 32,000 actuaries as members. Serving as the SOA's research arm, the [SOA Research Institute](#) provides objective, data-driven research bringing together tried and true practices and future-focused approaches to address societal challenges and your business needs. It provides trusted knowledge, extensive experience and new technologies to help effectively identify, predict and manage risks.