

ARGUS CONSULTING

RETIREMENT PLAN CONSULTANTS FOR MID-MARKET CLIENTS

August 2005

Argus in the News

New Client



We would like to welcome our newest client Fallon Community Health Plan. Founded in 1977, Fallon Community Health Plan (FCHP) provides health care services designed to meet the unique and changing needs of all they serve. Their robust product portfolio includes a variety of health plan options (HMO, POS and Medicare Advantage plans, as well as a national PPO) featuring flexible and innovative benefit designs.

For more information, visit www.fchp.org.

Dan Elected Chair of Smaller Consulting Firm Section



Daniel Cassidy has been elected Chair of the Smaller Consulting Firm Section of the Society of Actuaries. This section represents the interests of over 500 actuaries in the US and Canada, who practice at smaller consulting firms. The section works to bring the resources of the Society of Actuaries, the preeminent professional body of over 15,000 actuaries worldwide, to smaller firms. For more information, visit www.SoA.org.

New Article by Dan Cassidy:

“Sarbanes-Oxley – Impact on Pension Plan Management 2005 and Beyond”



Sarbanes Oxley has begun affecting both public and private organizations in many ways, pension plan management included. Check out our latest article that covers how to "SOX-

ready" your 401(k) or DB plan along with a useful checklist published in upcoming article in [Benefits & Compensation Digest](#).

[“Sarbanes-Oxley – Impact on Pension Plan Management 2005 and Beyond”](#)

Pension Risks – the “Five Horsemen”

Managing a pension plan can sometimes feel like you are facing the four horsemen from the Revelation – but instead of four, you have the pleasure of facing five risks.

- Financial – Defined benefit plan sponsors know the financial risks associated with sponsoring a plan during a long period of low interest rates and mediocre investment returns. Longer term, how will the decisions you make now about plan design impact the income statement of the company in the future?
- Operational & Legal – The tax benefits for sponsoring a qualified plan depend on keeping it in compliance with ever changing rules. Without vigilant monitoring, these tax benefits could be at risk.
- Human Capital – Are your plans competitive, do they attract and retain the type of employees you want?
- Regulatory & Political – What happens in Washington is beyond the control of most pension plan sponsors, but the impact is felt throughout the U.S.
- Investment – Managing a portfolio for either a defined benefit or defined contribution plan creates fiduciary risk. How do the various stakeholders (employees, management, shareholders, government) view investment risk and who should bear it?

Two recent surveys highlight the impact these risks and how large employers are managing them:

- PricewaterhouseCoopers - Nearly three-fourths (73 percent) of large employers with a defined benefit pension plan report that their number one concern with maintaining it is expense and funding volatility. For more information, click [here](#).
- Watson Wyatt – In its analysis, Watson Wyatt found that 11 percent of companies in the Fortune 1000 that sponsor defined benefit plans had a frozen or terminated plan in 2004. Additionally, 4 percent of employers (25 companies) had pension plans that were closed to new hires in 2004. Nearly two-thirds of the Fortune 1000 companies (63 percent) currently sponsor a defined benefit plan. For more information, click [here](#).

Next month, we'll explore more fully the methods for managing these risks.

Resources

For more information on Argus Consulting Ltd, please visit <http://www.arguscl.com>.



Argus' Goals and Guiding Principles

Argus' goal is to be the preferred retirement consulting firm for mid-market plan sponsors. To achieve this goal, we embrace the following guiding principles:

- Respect for our clients and staff
- Integrity
- Professional excellence
- Leadership in the actuarial profession

Contact:
Daniel Cassidy | DanC@ArgusCL.com | 978-371-8029