



Pension Officers Forum—Africa, October 2022

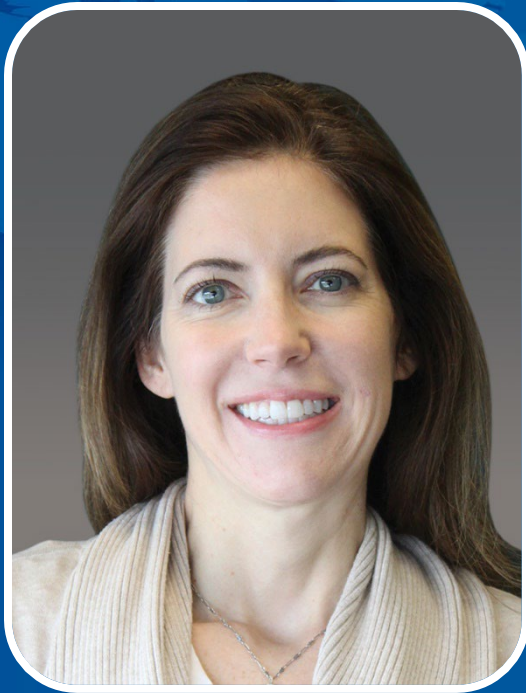


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BENEFITS | INVESTMENTS



Actuarial Valuations



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What Is a Valuation?

A report indicating the financial and funding status of your retirement plan

- A summary of your plan's present financial condition
- A projection into the future



Why Do You Need a Valuation?

A valuation helps you determine whether your pension plan is sustainable



Are you collecting enough?



What are the expected pension payments?



Are you investing properly?



Will you be able to meet your obligations 10, 25, even 40 years from now?

Why Do You Need a Valuation?

A valuation helps you find out if:



Your plan should be changed



Your information is accurate

- Data on retirees and spouses
- Data on active clergy and families



What Is an Actuary?

- University-trained
- Uses established modeling techniques
- Uses your participant data
- Projects probable outcomes—
not average outcomes



Is Accurate Data Really Necessary?

How Do You Know

- When someone will retire if you don't know his or her age?
- If you need to pay a surviving spouse if you don't know who is married?
- How much pension to pay someone if you don't know their service record?



How Does a Valuation Work?

Facts We Know About Today

- Number of participants
- Age of participants
- Years of service for participants
- Amount of benefits paid today
- Amount already set aside

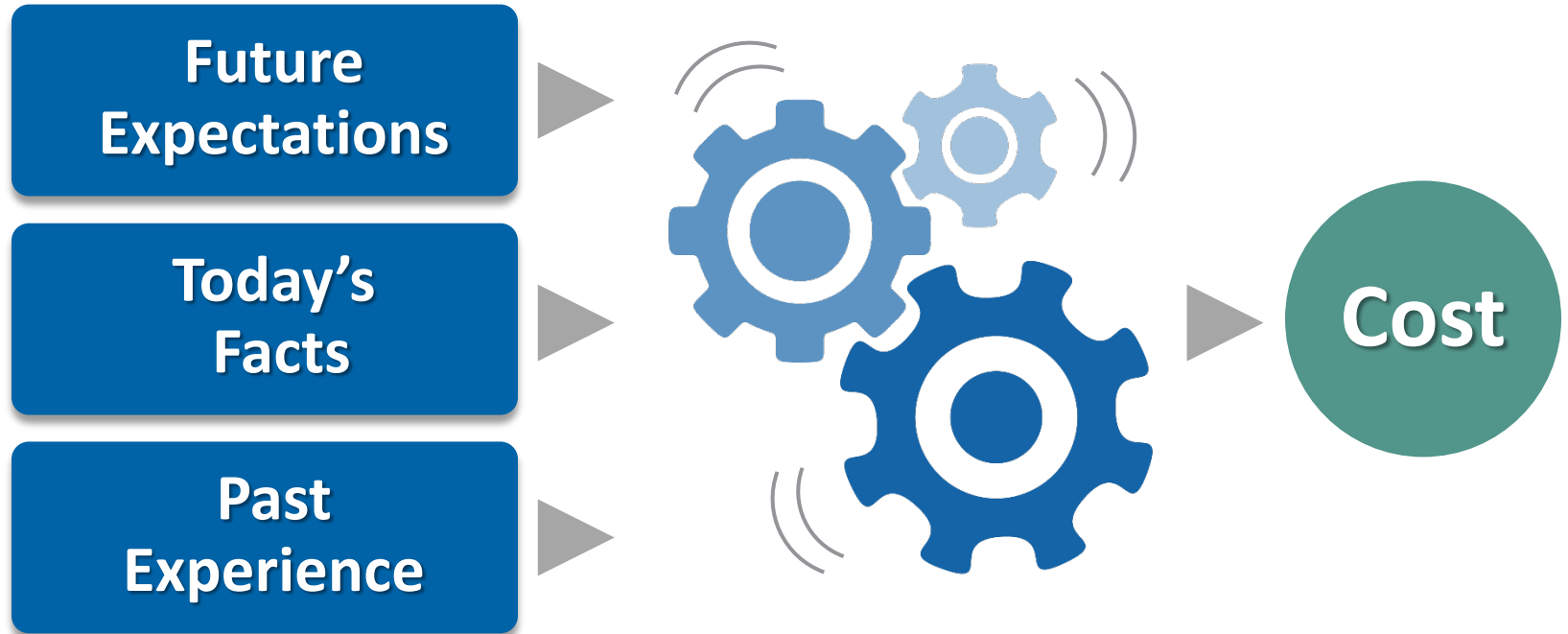


How Does a Valuation Work?

Assumptions About the Things We Don't Know

- The age that clergy are likely to retire
- The likelihood that clergy will reach retirement age
- How long clergy are likely to live after they retire
- The number of and the life expectancy for spouses
- How much the retirement fund investments will earn each year

Actuarial Valuation Process



What Does a Valuation Tell Us?

Valuations show the cost of future pension payments to achieve sustainability

- At some time in the future
- Only after specific unpredictable events have happened (retirement)
- Payments will continue to be made for an unpredictable length of time



What Does a Valuation Tell Us?

More simply, an actuary calculates:

- The cost of payments in the future, and
- The funds and contributions necessary today to meet those future costs

Your Pension Plan Is Sustainable If:

- You are collecting as required by the plan
- You are paying out as required by the plan
- You are investing prudently
- It is just as sustainable 40 years from now as it is 10 years from now



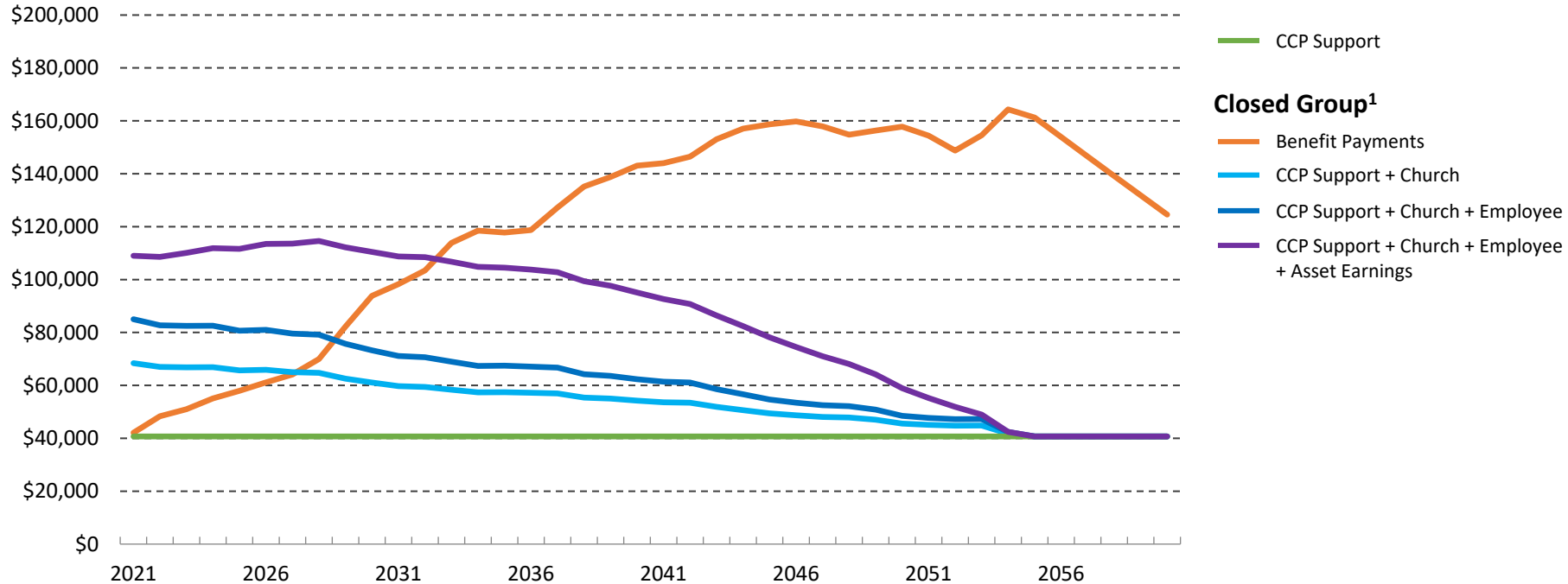
Valuations—Summary



In general, valuations tell you about the financial condition of your pension plan

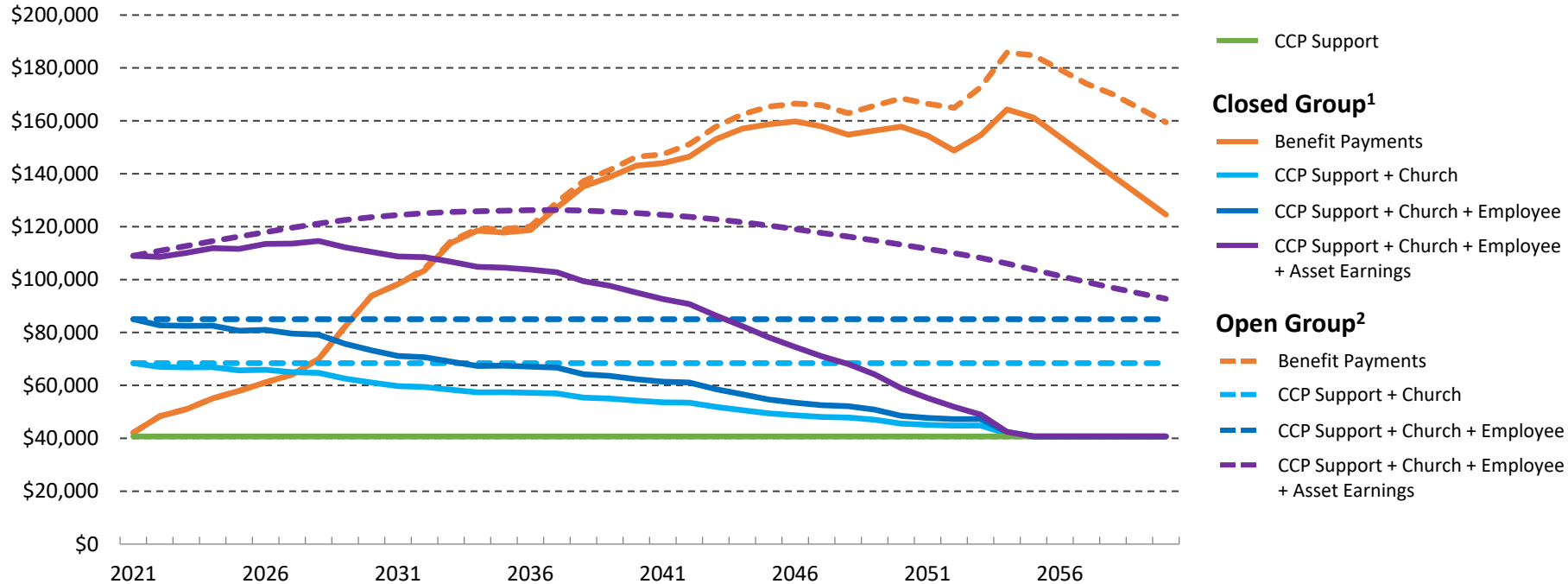
Your specific valuation tells you what is ahead for the next 40 years

Projected Benefit Payments vs. Funding Sources



¹ Based on 12/31/2020 actuarial valuation results, reflecting only current plan participants.

Projected Benefit Payments vs. Funding Sources



¹ Based on 12/31/2020 actuarial valuation results, reflecting only current plan participants.

² Based on 12/31/2020 actuarial valuation results but reflecting a stable active population. New entrants are estimated to be 45% age 25, 30% age 35, 15% age 45, and 10% age 55.



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