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## **MassMutual offers customized pension yield curves to DB clients**

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By Editorial Staff    *Thu, Feb 9, 2017*

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MassMutual, a provider of defined benefit (DB) pension plans and other retirement services, is introducing new “customized pension yield curves” to help plan sponsors measure their pension obligations more accurately and transparently, the company said in a release this week.

“The yield curve provides an improved benchmark to calculate the value of pension liabilities that gets reflected in plan sponsor’s balance sheet and profit and loss statement,” said Steve Mendelsohn, MassMutual’s national practice leader for defined benefit actuarial services.

Custom yield curves help plan sponsors determine an appropriate discount rate to measure liabilities for their pension and other postretirement benefit obligations, the release said. MassMutual said its curve meets the pension and postretirement benefit obligation requirements set by the Financial Accounting Standards Board (FASB) and the Securities and Exchange Commission (SEC).

The curve offers plan sponsors and their auditors an alternative solution with greater transparency than similarly available benchmarks in the market, according to Sumit Kundu, consulting actuary at MassMutual. That’s important “in an environment where historically low interest rates and rising costs... are making it more difficult and more expensive” for employers to sponsor DB plans, Kundu said.

MassMutual issued a white paper on its yield curve methodology and compares it with other yield curves available on the market. The white paper is available to plan sponsors and auditors on request.

Despite the erosion of defined benefit plans in the market, there are still approximately \$8.2 trillion total in private and public DB pension assets in the United States as of Sept. 30, 2016, according to the Investment Company Institute.

In 2016, MassMutual created an Institutional Solutions unit, which gives plan sponsors and advisors actuarial and other plan services, including investment products tailored for DB

plans (open and frozen), liability driven investing (LDI), actuarial funding and accounting strategies, plan administration, plan design consulting, pension buyouts and lump sum windows.

MassMutual manages more than \$16 billion in DB assets for more than 400,000 plan participants as of Dec. 31, 2016 and provides recordkeeping, investment management and actuarial services. The company serves more than 35,000 sponsors and approximately three million participants of both DB and defined contribution plans.

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