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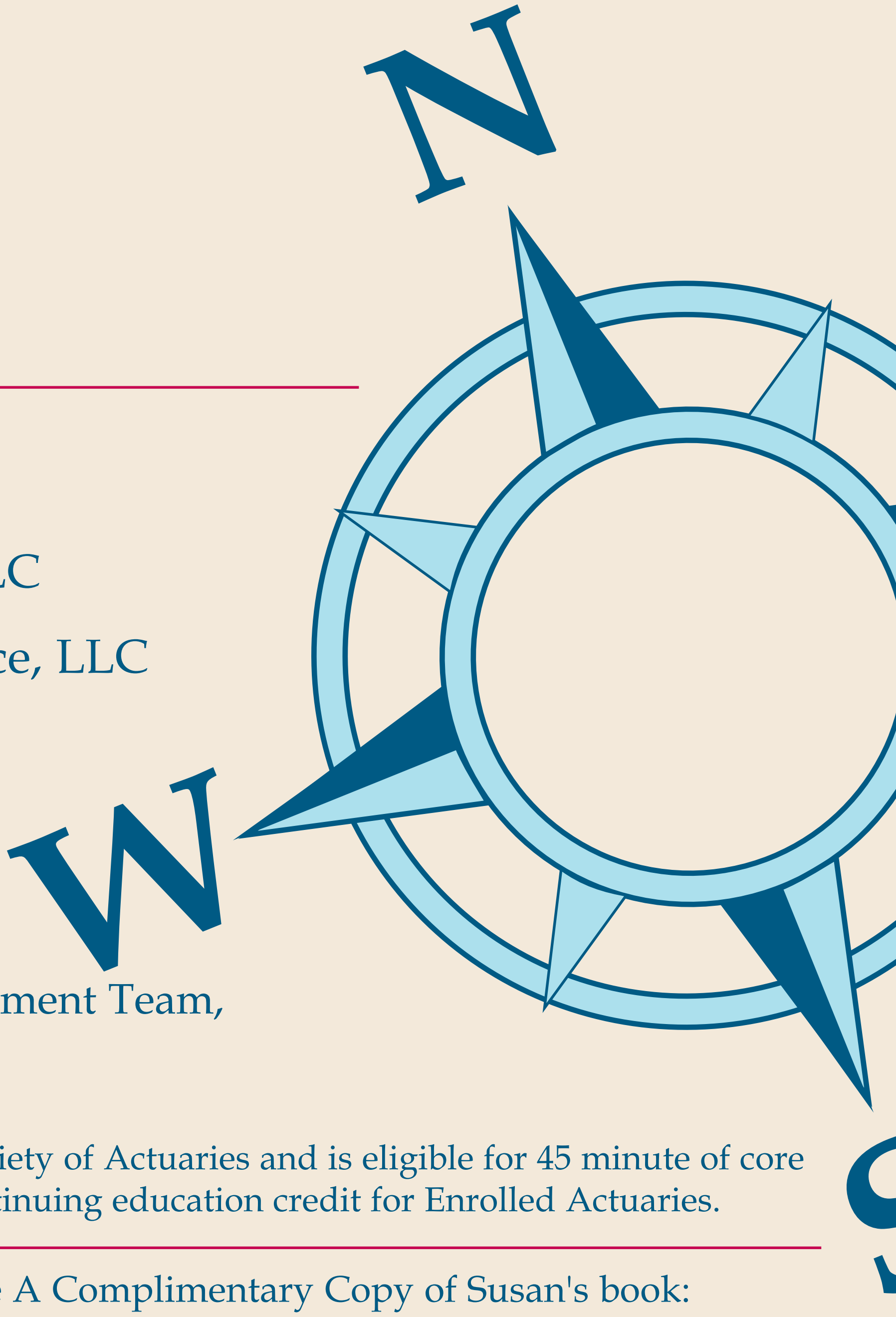
Risk Management for Pension Funds

New York (Jersey City),
April 28 and 29, 2005

Chicago,
May 9 and 10, 2005



Course Leader:
Susan M. Mangiero,
Managing Member, BVA, LLC
Founder, Pension Governance, LLC

Guest Speaker:
Donna Mallett,
Vice President,
Pension Asset/Liability Management Team,
Merrill Lynch (New York)

This course is co-sponsored by the Society of Actuaries and is eligible for 45 minute of core and 375 minutes of non-core continuing education credit for Enrolled Actuaries.

Registered Delegates Receive A Complimentary Copy of Susan's book:
Risk Management for Pensions, Endowments and Foundations

Risk Management for Pension Funds

New York (Jersey City), April 28 and 29; Chicago, May 9 and 10

Registration at 9:00, workshop commences at 9:30 and ends at 17:00. There will be adequate time allocated for two coffee breaks, lunch, and for delegates to network and discuss issues addressed.

Day 1

Brave New World - Coping With Changes

Labor force demographics, increasing litigation risk, budget shortfalls, regulatory pressures, accounting complexities, and corporate governance scrutiny are some of the many challenges faced by pension plan professionals. This session will discuss some of the factors that affect the financial health of public and private pension plans:

- What is the impact of labor force demographics on actuarial liabilities and related funding?
- How does the role of fiduciary person vary by type of plan?
- What plan discount rate will the U.S. Congress allow?
- How are private and public pension accounting rules expected to change?
- What is the future of pension insurance?
- What are industry associations doing to set standards for pension risk management?
- How is pension funding related to the sponsor's strategic financial goals?
- How does risk management differ from other financial activities?

Refreshment Break

Setting Asset-Liability Management Goals: A Critical Starting Place

Establishing an effective risk management program depends on investment objectives and constraints. This session will explore goal-setting, asset-liability management approaches, and performance metrics:

- What kinds of investment goals and constraints do pension funds face?
- What is their impact on pension asset-liability management?
- How do various asset-liability management approaches such as cash flow or duration matching compare and contrast?
- What performance metrics are relevant for a pension plan?

Lunch

Introduction to Derivative Instruments

This session will provide an overview of each major type of derivative instrument with a special focus on the risk-return tradeoff:

- What is a futures contract, what types of futures contracts exist and what are the implications of exchange-trading?
- What is an option, what types of options exist and how are options traded?
- What is a swap, what types of structures are available and how are swaps traded?
- What are the risks unique to derivative instruments?
- What are the advantages and disadvantages of each product type?
- How can derivatives be used?
- How should derivative strategies be measured to reflect a change in the fund's risk-return profile?

Refreshment Break

Case Study One: Selecting Appropriate Derivatives Strategy

Selecting the optimal derivative instrument(s) depends on a host of factors such as investment strategy, need for liquidity, legal considerations, cash outlays, and counterparty creditworthiness. What works for one fund may be completely inappropriate for another fund. Using a fixed income case study, learn how to compare alternatives that satisfy goals and constraints and take legal, economic, and performance factors into account.

Getting Some Help - Use of Outside Money Managers

Since many pension funds use outside money managers, it is critical to understand how they employ derivative instruments, the impact on fund performance, and what questions to ask during the hiring process and thereafter. This session will examine:

- How should the RFP reflect questions about use of derivatives?
- How should a pension plan compare performance across money managers that use derivatives?
- What indicators suggest excess use of leverage by outside money managers?

Day 2

Valuation - Understanding the Numbers

- Derivative instrument valuation is a cornerstone of the risk management process. This session introduces some of the more commonly accepted pricing models and the associated problems associated with bad or inappropriate models:
- How are futures priced?
- How are options priced?
- How are swaps priced?
- What is model risk and why is it important?
- How is the valuation of derivative instruments used to rebalance risk management positions?
- What are the challenges in valuing derivative instruments?

Refreshment Break

Putting a Process in Place: The Five C's of Risk Management℠:

Effective risk management is a disciplined process that requires a constant review of policies and procedures. This session will look at the five key elements of the risk management process:

- Commitment: Why is top management acceptance important and how are compensation and recruitment policies affected?
- Comprehension: How are investment, operational, and accounting professionals trained to understand derivatives and the related risk management process?
- Controls: What are the requisite checks and balances to minimise derivatives-related losses?
- Computers: What are critical elements of a good risk management system and how does technology affect the likelihood of losses?
- What and how much information should various groups receive about a pension fund's risk management activities?

Lunch

Risk Measurement Techniques - Deciphering the Choices

There are many ways to measure actual risk or estimate future expected losses. This session introduces commonly accepted techniques, costs and benefits associated with their use, and ways to combine methods:

- What is stress testing, when should it be used, and what are its limitations?
- What is simulation, when should it be used, and what are its limitations?
- What is Value at Risk, what are the variations, when should it be used, and what are its limitations?
- What is Risk Budgeting, how does it relate to the asset allocation process, and what are its limitations?
- What are the regulatory implications for risk measurement technique choices?
- What are the systems and data considerations?
- Can and should multiple methods be employed?

Refreshment Break

Case Study Two - Evaluating Risk

Identifying, measuring, and evaluating risk can be achieved with a variety of methods. Using an equity case study, learn how to estimate risk and evaluate the advantages and disadvantages of various methods.

Concluding Remarks - Looking Ahead for Pensions

Who Should Attend This Course

Any professional working with or for a pension fund, including:

- Actuaries
- Asset Managers
- Attorneys
- Auditors
- Consultants
- Human Resource Managers
- Investor Relations Specialists
- Plan Administrators
- Treasury Professionals
- Trustees

Why Attend This Two-Day Seminar:

This new workshop has been developed to provide people responsible for using derivatives, or hiring others who use derivatives, to better understand their impact on the financial health of a pension plan. The workshop combines practical sessions with hands-on case studies as well as discussions of relevant regulatory mandates. Given the heightened scrutiny of pension plan finances by taxpayers, shareholders, regulators, and policy-makers, this course provides decision-makers with the fundamental information about derivatives and the risk management process they need to know.

This intensive two-day training course is unlike most other courses you are likely to attend in terms of the subject matter and scope. Don't delay. Register today.

About the Course Providers:

Susan M. Mangiero, Ph.D. is the author of *Risk Management for Pensions, Endowments, and Foundations,* a book written for fiduciaries with investment responsibilities. Dr. Mangiero is a managing member of BVA, LLC (Business Valuation Analytics[SM]) and provides valuation, risk analysis, and litigation support services to institutional investors and closely-held companies. She is also founder of Pension Governance, LLC and author of a risk andvaluation survey of U.S. institutional investors.

An Accredited Valuation Analyst and CFA charterholder, Dr. Mangiero has over fifteen years of experience in the areas of financial risk management, statistical analysis, modeling, and valuation, working for organizations such as Bank of America, Bankers Trust, PricewaterhouseCoopers, and the General Electric Company. She has worked on two trading floors, consulted with U.S. and foreign companies and financial institutions, and arranged deals involving capital market, exchange-traded, and over-the-counter products

Her extensive list of publications includes articles for Investment Lawyer, Valuation Strategies, RISK, Financial Services Review, Family Foundation Advisor, Expert Evidence Report, Institute of Internal Auditors' FSA Times, and Bankers Magazine. She has also written chapters for the *Litigation Services Handbook: the Role of the Financial Expert, the Handbook of Interest Rate Risk Management* and *Cases in International Finance.* She is a frequently invited speaker for groups that include the American Society of Appraisers, National Association of Certified Valuation Analysts, Association of Public Pension Fund Auditors, Women in Asset Management, Stamford CFA Society, Family Firm Institute, American Bar Association, and Hedge Funds Review.

Donna Mallett is a Vice President in the Pension Asset/Liability Management Team and has been at Merrill Lynch since 2002. As a fixed income derivatives marketer, Donna has covered investors for both credit and interest rate products with a focus on hedging strategies as well as structured investment opportunities. Prior to her career on Wall Street, she was a pension consulting actuary with Towers Perrin and Davis Conder Enderle and Sloan, Inc. in the Chicago office. Donna earned her MBA from the University of Chicago, holds a BS in mathematics from the University of Notre Dame, is an Associate of the Society of Actuaries (ASA), and is a CFA charterholder.

Registration Form

Risk Management for Pension Funds

4 WAYS TO REGISTER:

Please return the completed form to:

i. **INTERNET** bookings:
www.garp.com/eventspensionrisk *Receive an* **INVOICE** *and pay by credit card, wire transfer or cheque*
ii. **FAX** this form to: +44 (0) 20 7626 9900
iii. **PHONE** us on: +44 (0) 20 7626 9303
iv. **POST** the completed form to:
GARP, 4th Floor, 150–152 Fenchurch Street,
London EC3M 6BB, UK

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Registrations made using this form will be subject to USD $20 administration fee

First Name

Family name

Position in company

Company

Address

Town/city Postcode

Telephone

E-mail

Signed

PACKAGES	GARP Individual, Student & Fellow Member		Affiliate & Non Members *	
	'Early Bird' Registration **Book By Friday 1 April, 2005**	Standard Price	'Early Bird' Registration **Book By Friday 1 April, 2005**	Standard Price
New York (Jersey City) & Chicago courses ❑	**USD $1595 SAVE $600**	**USD $1895 SAVE $300**	**USD $1895**	**USD $2195**

Registration includes course documentation, coffee breaks and lunch. The fee also includes a complimentary copy of Susan's book *Risk Management for Pensions, Endowments and Foundations*

*To register for GARP Individual Membership and also benefit from these substantial discounts, as well as other benefits such as one-year subscription to the GARP Risk Review journal, please tick this box ❑

Your $100 Membership Fee will be added to the price when we invoice you. Discounted registration fees can only be applied at the time of registration. No discount can be made retrospectively.

Location Address

NY (Jersey City)course	Chicago course
GARP Offices **100 Pavonia Avenue** **Suite 405** **Jersey City** **New Jersey 07310** **USA** **Tel: +1 201 222 0054** (The venue is the same building as the Pavonia/Newport PATH station in Jersey City)	**The location will be announced shortly, but will be a location in central Chicago with easy access to the financial district.**
For security reasons, only pre-registered delegates will be allowed access to the venue.	

PAYMENT OPTIONS

Please select one of the following methods:

❑ Register Online at
www.garp.com/eventspensionrisk
❑ I enclose a **CHEQUE** payable to **GARP UK Ltd.**
❑ Please debit my **CREDIT CARD** as follows:
❑ AMEX ❑ VISA ❑ MASTERCARD
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Expiry Date _ _ / _ _
Billing Address *(if different from above)*

Signature

Date

CANCELLATION POLICY

Should you be unable to attend the event, you may nominate a substitute delegate at any time and at no extra cost. We regret that no refunds can be made, given the limited spaces for this event. Indemnity: Should for any reason outside the control of GARP, the venue or the speakers change, or the event be cancelled due to industrial action, adverse weather conditions, or an act of terrorism, GARP will endeavour to, but the client hereby indemnifies and holds GARP harmless from and against any and all costs, damages and expenses, including attorneys fees, which are incurred by the client. The construction, validity and performance of this Agreement shall be governed by all aspects by the laws of England to the exclusive jurisdiction of whose court the Parties hereby agree to submit. Program change: It may become necessary - for reasons beyond our control - to alter the content or timing of the program or the identity of the speakers. These changes do not justify any refunds.