

COURSE STRATEGY GUIDE

RET 101 – Retirement Plan Design

Nov 2026/Mar 2027/Jul 2027

This Course Strategy Guide is intended to help candidates prepare for RET 101: Retirement Plan Design. The guide explains the purpose of the course and provides a suggested approach to studying for the exam. While this guide can be a valuable aid in preparation, the material in it will not be tested.

I. Purpose of this Course

Welcome to the RET 101 course, which covers retirement benefit design. This course will introduce you to the variety of plan designs that are in use today and some that are imagined for the future, as well as the impacts of those designs on plan participants, plan sponsors, and other stakeholders. It will cover both “traditional” defined benefit (DB) and defined contribution (DC) designs and hybrids and other variations on those traditional designs. Some of you may currently work with only a small set of plan sponsors (e.g., corporations in a particular industry, small municipalities) in a single jurisdiction (e.g., Ontario, South Africa), so you may not have seen many of the designs or features covered in this course. However, we feel it is important that retirement actuaries understand the full range of design concepts because your employer, clients, or jurisdiction may change in the future and because many of the concepts can be ported from one plan to another very different plan in order to solve a problem or meet an objective in an innovative way.

II. Recommended Approach in Preparing for the Course Assessment

This course strategy guide is intended to provide candidates with an organized approach to reading the syllabus material.

The candidate should be very familiar with the Learning Outcome Statements as described in the syllabus. These Learning Outcome Statements were the first ingredient in developing the syllabus and also guide the assessment committee when writing questions. The Learning Objectives set out the cognitive level needed to pass this assessment and will also provide an indication of what the candidates are expected to get out of the readings. Next to each reading on the syllabus, there is a list of the Learning Outcome Statements to which it applies.

The course of readings builds the candidate’s knowledge, and each was selected to explain or illustrate one or more Learning Outcomes. While studying the syllabus material, candidates may want to consider both the organizational approach provided by this course strategy guide and to refer back to the Learning Objectives to remain focused on the educational goals being tested by this assessment.

The candidate should take note to focus on both the concepts and principles addressed in the course syllabus. Candidates may be asked to apply concepts and principles in a particular context in an assessment question. For example, although the candidate is not expected to remember detailed nation-specific requirements, the candidate may be expected to understand how to achieve certain design objectives within a specific regulatory environment as specified in the assessment.

We would remind you once more that mastering the Learning Objectives are of paramount importance to success on the assessment. They set the cognitive level needed to pass the assessment. Do review the Learning Objectives to ensure that you understand how the course of reading fits with them. The assessment questions are designed to test the syllabus material, but more importantly have been written to test the Learning Objectives.

We hope this overview helps you connect the themes in the readings into a more integrated, comprehensive understanding of the whole syllabus. Best wishes to you for a successful assessment sitting.

III. Course Syllabus Learning Objectives and Learning Outcomes

Note that several of the readings, particularly the textbooks, discuss U.S. and Canadian laws and regulations (and occasionally those of other countries), but they are on the syllabus to provide a general understanding of common concepts. Specifics of laws and regulations in different jurisdictions will not be tested.

We recommend that candidates begin with a basic overview of plan design considerations and comparisons of the two major plan types: defined benefit (DB) and defined contribution (DC). The following readings serve that purpose:

- ***Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches*, Ch. 2** (basic design considerations) and **Ch. 3** (traditional DB and DC)
- ***Fundamentals of Private Pensions*, Ch. 5** discussing general human resource considerations in plan design
- ***Morneau Shepell, Handbook of Canadian Pension and Benefit Plans*, Ch. 1**
- **“Managing Post-Retirement Risks: Strategies for a Secure Retirement”** provides a broad understanding of the risks facing retirees that plans of all types are designed to mitigate to some extent.
- **RET101-119-25: Pension Policy: The Search for Better Solutions** gives a high-level perspective on how national regulatory systems for retirement plans can be designed to achieve various goals. Specific details of the regulatory system in a particular country will not be tested.
- **RET101-114-25: How Accurately does 70% Final Employment Earnings Replacement Measure Retirement Income (In)Adequacy?** provides a more in-depth analysis of the replacement rate target. Replacement rates are a key design consideration in both DB and DC plans.

- **RET101-110-25: Social Security Programs Throughout the World: Europe, 2018.** While this is the introduction to a document about European social insurance programs, the comments are international and essentially the same introduction is used in the guides to other regions.

We then recommend that the candidate read about the basics of traditional Defined Benefit (DB) Plans, covered in the following readings:

- ***Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches, Ch. 17*** discussing the range of plan features in DB plans
- ***Fundamentals of Private Pensions, Ch. 10*** discussing DB design
- ***Morneau Shepell, Handbook of Canadian Pension and Benefit Plans, Ch. 3.*** While this chapter includes some discussion of DC plans, it is mostly about DB plans.

And the basics of Defined Contribution (DC) and Savings Plans, covered in the following readings:

- **RET101-102-25: Defined Contribution Plan Success Factors** discussing current best practices in DC design and provides a list of the design and structure decisions that must be made.
- **RET101-100-25: Framework for Future Defined Contribution Design.** This is a new reading written specifically for RET 101 to help the candidate understand how all the changes to DC design of the last 20 or so years fit into a broader effort to improve retirement outcomes for DC participants. It also highlights remaining gaps and provides thoughts on how those might be closed.
- ***Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches, Ch. 8.*** This chapter discusses certain specific types of DC plans in the U.S. regulatory context.
- **RET101-123-26: CAPSA Guideline No. 3: Guideline for Capital Accumulation Plans,** covering DC and savings plan best practices, particularly the division of responsibilities and the information members need.
- ***Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches, Ch. 11*** on applying behavioral finance to DC design and **Ch. 29** describing design of investment options in DC plans.
- ***Fundamentals of Private Pensions, Ch. 28*** discussing DC investment option design
- **RET101-109-25: Designing the Future of Target-Date Funds,** focused on further improvements that could be made to target-date funds as a DC plan investment.
- **RET101-124-26: The Future of DC Plans: Key Trends for 2025 and Beyond,** describing some new developments related to DC plan investments.
- ***Fundamentals of Private Pensions, Ch. 9*** discussing the participant's decision to take distributions in the form of an annuity or a lump sum. While this is somewhat applicable to DB plans, it is particularly relevant for DC plans and ties into other readings on retirement income in DC plans.
- **"The Next Evolution in Defined Contribution Retirement Plan Design: A Guide for DC Plan Sponsors to Implementing Retirement Income Programs"**

Now that the candidate has a solid understanding of DB and DC plans, we recommend reading about hybrid plans. The term “hybrid” has been used to refer to a broad range of different plans, but they generally attempt to blend the features of DB and DC plans in order to achieve a different pattern of benefit value accrual throughout a career, share risk between the sponsor and participant in a different way, or communicate the benefit differently (e.g., as a lump sum) to improve participant understanding. Hybrid designs are discussed in the following readings:

- **RET101-104-25: The Hybrid Handbook: Not All Hybrids are Created Equal.** While much of this reading is in the context of U.S. public plans, it provides a good overview of almost the full range of plans that might be called “hybrid.”
- **Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches, Ch. 21.** Note that this chapter only covers certain types of hybrids and that the target benefit plans described in this chapter under U.S. regulations are somewhat different from the target benefit plans described under Canadian regulations in other readings.

Other alternative retirement plans such as executive retirement plans, shared risk plans, etc. are discussed in these readings:

- **Retirement Plans - 401(k)s, IRAs and Other Deferred Compensation Approaches, Ch. 14** on executive retirement plans. Many countries limit the tax preferences for retirement plans in order to more effectively target the tax benefits at lower- and middle-income employees, but companies may still want to provide benefits to higher-income employees that will not receive those tax preferences.
- **RET101-106-25: Multi-Employer Plans.** While this discusses multi-employer plans in the U.S. and Canada and the specific laws and regulations in those countries will not be tested, the general design concepts may be tested and applied in new situations.
- **RET101-111-25: Risk Management and Public Plan Retirement Systems (Appendices B and C only)** discuss the structure and governance of public retirement plans in the U.S. specifically, but some of the information is also relevant to other countries.

The RET 101 course also provides a basic introduction to how retirement plan assets are invested. We encourage those candidates wanting a more thorough understanding of investments to take courses in the investment specialty area as their electives. In addition to the readings above specific to the use of investments in DC plan design, the following cover other investment topics specific to retirement plans:

- **Morneau Shepell, Handbook of Canadian Pension and Benefit Plans, Ch. 7**
- **RET101-107-26: Introduction and Overview of Retirement Plan Investments**
- **RET101-108-25: CAPSA, Guideline No. 6, Pension Plan Prudent Investment Practices Guideline**

Now that candidates have a firm understanding of the basics of existing plan designs, we encourage them to read a couple of items covering plan freezes and pension risk transfer, which have become common in the last decade or so:

- **RET101-121-25: The Big Chill** discusses unique governance issues that arise following a DB plan freeze.
- **“Pension Risk Transfer: Evaluating Impact and Barriers for De-Risking Strategies”** discusses particular plan design issues that arise in conjunction with a pension risk transfer. The topic of pension risk transfer is discussed in greater depth on RET 201.

As well as potential new developments (or at least new applications of old ideas) that might provide participants protection from longevity risk even if there are fewer traditional DB plans:

- **“Primer on Retirement Income Strategy Design and Evaluation”** provides a more in-depth look at retirement income options in DC plans and how they might be evaluated against one another.
- **RET101-120-25: Design Matters: Plan Distribution Options** provides other perspectives on evaluating retirement income options in DC plans.
- **RET101-112-25: Private Pensions: Alternative Approaches Could Address Retirement Risks Faced by Workers but Pose Tradeoffs** discusses risks faced by participants in general (reiterating some material found in other readings), discusses how the retirement systems of the Netherlands, Switzerland, and the United Kingdom might address some of these risks, and evaluates how certain proposals for modifications of the U.S. system might address these risks.
- **RET101-113-25: The Promise of Defined Ambition Plans: Lessons for the United States** discusses variable annuity plans, focused particularly on their use in the Netherlands.
- **RET101-115-25: An Improved Application of the Variable Annuity** discusses variable annuities and compares them to insured annuities.
- **RET101-116-25: The Case for Collective DC** discusses the use of collective defined contribution (CDC) plans in the United Kingdom, which are pooled plans with fixed employer contributions but many of the advantages of DB plans.
- **“Report of the Task Force on Target Benefit Plans”** provides a good overview of Target Benefit Plans, as that term is defined in a Canadian regulatory context. This material is on the syllabus because the risk-sharing concepts of Canadian Target Benefit Plans could potentially be applied in other countries and regulatory contexts.
- **“Analysis of Target Benefit Plan Design Options”** models outcomes of Target Benefit Plans under different scenarios.
- **“Educational Note: Financial Risks Inherent in Multi-Employer Pension Plans and Target Benefit Pension Plans”** discusses unique features of North American multi-employer plans and Canadian Target Benefit Plans and how the risks in those plans might be mitigated.
- **RET101-122-25: Innovations in the Canadian Retirement Landscape – CAAT Pension Plan** discusses unique risk-sharing features and employer options in one particular Canadian plan that could potentially serve as a model for other plans.

The remaining readings cover more specific plan design topics, many of which might apply to multiple different plan types.

- **RET101-101-25: Integration with Social Security.** While this is written in a U.S. context, we believe the principles are applicable across many countries.

- **RET101-103-25: Phased Retirement – An Important Part of the Evolving Retirement Scene** discusses employee and sponsor perspectives on phasing into retirement and the U.S. experience with phased retirement.
- **RET101-117-25: Implementing Early Retirement Incentive Programs: A Step-by-Step Guide** discusses unique considerations when implementing early retirement incentives.
- **RET101-118-25: Pension Issues in Mergers and Acquisitions** discusses unique considerations for plan sponsors in mergers and acquisitions.
- **“Embedded Options in Pension Plans: Catalogue of Embedded Options Survey of Prevalence of Embedded Options”** discusses the unique risks that embedded options create for plan sponsors in several types of plans.