Understand the Risk for Each of Your Pension Fund Investments

The Issue
Since the financial crisis, near-zero interest rates have left many public pension plans vastly underfunded. Despite strong returns, a recent study\(^1\) found that states are $915 billion short in funding pension obligations. Rising pension fund shortfalls combined with increased concerns of global financial market contagion have necessitated a more comprehensive approach to pension fund risk management. And because millions of Americans rely on pensions for retirement, pension funds have turned to alternative investments – like private equity and hedge funds – in hopes of higher returns.

Billions of dollars are invested in a variety of asset classes. Fund managers must understand the risk of each investment and know that the fund is properly compensated for each risk taken. Unfortunately, declining state tax revenues have shrunk budgets, and public pension plans face staff shortages. The economic climate requires a flexible risk environment that can adapt rapidly to new and changing market conditions. Taking this approach would free pension plan administrators to focus on risk management instead of costly data management activities.

Our Approach
Rather than relying on predefined models or techniques, SAS delivers a comprehensive, web-based risk management solution designed specifically for pension administrators. SAS delivers software and services to help you:

- **Handle all pension risk management activities through a single, web-based system.** Get on-demand access to data, risk models and reporting through one secure, web-based interface.
- **Easily make long-term cash flow projections.** Scenario analysis shows a clear view of asset allocation strategies, explicitly integrating exposure to the pension plan while assisting with cash flow modeling and commitment planning.
- **Lower the cost of data ownership.** For alternative investment firms that have proprietary components, SAS can act as a third party that receives position-level detail from the firm but only surfaces reporting and analytics to the customer.

The SAS approach unites industry expertise and leading analytical technologies in a rapidly scalable environment.

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