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SEI Quick Poll: Controlling Pension Funding Volatility the Top Priority for Third Year in a Row

Survey Reveals the Top 10 Investment Priorities for Pension Plan Sponsors This Year

OAKS, PA -- (MARKET WIRE) -- 02/08/12 -- For the third consecutive year, an SEI (NASDAQ: SEIC) Quick Poll found that pension plan sponsors view controlling funded status volatility as the top priority for their organizations. Of the poll participants identifying this as a top focus for 2012, nearly three-quarters (70 percent) said it is at least a "high priority," with almost half (43 percent) of those saying it is an "extremely high priority." Not far behind, plan sponsors identified the need to improve the funded status of their pension plans as the second most important priority this year.

"Market swings and low interest rates have really taken a toll on the funded status of pension plans over the past few years. Many plan sponsors now face the burden of making substantial contributions to their plans in order to meet funding requirements," said Jon Waite, Director, Investment Management Advice and Chief Actuary, SEI's Institutional Group. "As markets continue to be volatile, plan sponsors continue to pursue sophisticated risk management strategies designed to better control volatility of the funded status of their pension plans."

Conducted in January, the Quick Poll surveyed 50 executives overseeing U.S. corporate defined benefit plans, ranging from $25 million to $10 billion in assets, none of which were Institutional clients of SEI. Poll participants were asked to rank statements as a "marginal," "high" or "extremely high" priority for their organizations. The results were tabulated using a weighted system. The top 10 priorities for 2012 are as follows:

1. Controlling funded status volatility
2. Improving plan's funded status
3. Managing duration moving forward
4. Implementing a Liability-Driven Investing (LDI) approach using long-duration bonds
5. Providing senior management with long-term pension strategies
6. Stress-testing the portfolio to gauge its ability to withstand extreme macroeconomic environments

7. Conducting an asset-liability study
8. Implementing an asset allocation process aimed at exploiting shorter-term market inefficiencies to add return and/or mitigate risk
9. Changing funding policies and timelines
10. Defining fiduciary responsibilities for trustees and investment consultants

Making a first appearance to the top 10 list this year is the need to implement an asset allocation process aimed at exploiting shorter-term market inefficiencies. Many organizations are viewing outsourcing as a way to effectively react to short-term markets in order to increase return and mitigate loss. This priority replaces last year's priority to "make a plan design change."

A complete summary of the poll is available by emailing seiresearch@seic.com.

About SEI's Institutional Group
SEI's Institutional Group is the first and largest global provider of fiduciary management investment services. The company began offering these services in 1992 and today acts as a fiduciary manager to more than 450 retirement, nonprofit and healthcare clients in six different countries. Through a flexible model designed to help our clients achieve financial goals, we provide asset allocation advice and modeling, investment management, risk monitoring and stress testing, active liability-focused investing and integrated goals-based reporting. For more information visit: http://www.seic.com/institutions.

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