December 16, 2009

SEI Releases 2010 Update of FAS 87 Disclosure Assumption Research for Pension Plan Sponsors

OAKS, Pa., Dec. 16 /PRNewswire-FirstCall/ -- According to an annual research study on Financial Accounting Standards No. 87 (FAS 87) released today by SEI (Nasdaq: SEIC), capital market and interest-rate volatility persisting throughout 2009 create a challenging environment for plan sponsors selecting Discount Rates and Return On Asset (ROA) assumptions for 2010. The study can be used by companies as guidance for setting the discount rate and ROA assumptions plan sponsors will use for 2009 year-end disclosures. In a year where capital markets saw improvement, plan sponsors should still review both long-term historical returns and prospective assumptions when setting ROA assumptions.

"Selecting Return On Asset (ROA) assumptions and Discount Rates continues to be challenging for financial executives overseeing pensions. ROAs are impacted by the fact that short-term average returns may be extremely time-dependent as the 20-year average return of a 60/40 portfolio changed nearly three percent between 2007 and 2009," said Jon Waite, Director, Investment Management Advice and the Chief Actuary for SEI's Institutional Group. "Also, there is potential for quite a bit of variation in selected Discount Rates as a result of the range of movement of the indices and the shape of current yield curves."

SEI's research outlines how some plan sponsors and auditors are interpreting the events in the current marketplace. Based on the analysis, and assuming no change during December 2009, plans with a December 31st measurement date may want to consider decreasing their discount rates slightly. The paper also shows that of the 682 plan sponsors in the database reporting ROA changes, most (57 percent) made no change in ROA between 2007 and 2008, demonstrating that prior year assumptions were considered appropriate.

Now in its eighth year, this research series has drawn on SEI's industry leading knowledge around FAS 87 and defined benefit accounting to provide assumptions that can serve as a barometer in this complicated area. Data is derived from the 2008 SEI Plan Sponsor Accounting Database, which consists of data from *Standard & Poor's* Institutional Market Services database, as well as proprietary analysis created by SEI's Institutional Group. A copy of the research is available by emailing seiresearch@seic.com.

About SEI's Institutional Group

SEI's Institutional Group delivers integrated healthcare, retirement and nonprofit investment solutions to more than 500 global institutional clients (of which 340 are U.S. based) in six different countries. SEI enables clients to meet financial objectives, reduce business risk, and fulfill their due diligence requirements through implemented fiduciary management strategies for defined benefit plans, defined contribution plans, endowments, foundations and other balance sheet assets. For more information, visit www.seic.com/institutions.

About SEI

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