



IACA and PBSS Webinar: Valuation of Bermudan-DB-Underpin Option

[Registration is now open!](#)

Join us on Friday, November 17, 2017
9:00am EDT

The PBSS and IACA Sections invite their members to a webcast by Xiao Bai Zhu which will be held on 17 November 2017 at 9:00AM Eastern Time and will run for one hour plus questions.

Xiaobai (Mike) Zhu is a PhD Student at the Department of Statistics and Actuarial Science (SAS) at the University of Waterloo, Canada.

The paper was presented at PBSS/IACA Cancun Colloquium. Because of the quality of the paper, the PBSS committee decided to award the prize for the Best Theoretical Paper at the Colloquium.

Abstract: The study of embedded options has grown importance in pension design, with many novel forms of hybrid plan being proposed to meet the needs of employees and sponsors. In 2002, the State of Florida introduced (temporarily) a switching hybrid plan, under which employees were given the option to convert their defined contribution (DC) plans to defined benefit (DB) plans. The cost of such a switch is calculated in terms of the accumulated benefit obligation (ABO), which is the present value of the accrued benefit. If the ABO is greater than the DC account, the employee is assumed to fund the difference. In this work we reconsider the switching hybrid plan, with additional downside protection for the employees. The new option is similar to the DB- Underpin hybrid design, also known as the floor-offset plan, but with a Bermudan-style exercise feature. We adopt an arbitrage-free pricing methodology to value the option, and specify the situation where early switch is not optimal.

We recommend that you read [the paper](#) in advance of the webinar.

We hope many of you will be able to join us on the 17th of November.

REGISTRATION AND PARTICIPATION

This webinar is **free for IACA and PBSS members** ! To register, [click here](#).

Not a member? You can participate in the webinar too, by [joining IACA or PBSS](#). (nominal fee of \$50 Cdn)

In addition to free participation in this webcast, your annual membership also will grant you:

- **Free participation in upcoming webinars until December 31, 2018**
- **Instant, full access to wealth of online resources**, including recordings of past webcasts and a repository of documentation specifically related to actuarial science within the health sector
- **Exclusive communications from IACA or PBSS** with all its special events, such as upcoming colloquia, networking opportunities, and more!