

ProVal^{ps}®

DESKTOP TOOLKIT FOR BOTH PENSION & OPEB PLANS

Used by actuaries, investment consultants, and plan sponsors

ProVal PS is an extension of ProVal, the industry standard valuation and projection software for actuarial and investment consultants. Designed to provide many of the same features as ProVal, it is simple to use and has

excellent graphical capabilities for use as a live presentation tool or direct use by the plan sponsor.

ProVal PS enables the plan sponsor, actuary, and investment advisor to work together like never before.

- Plan sponsors can work independently, or interactively with consultants, to explore the effects of interest rate changes, investment performance, etc. for the next 5-10 years or more.
- Assets and liabilities are dynamically linked.
- Users are empowered to use stochastic (Monte Carlo) as well as deterministic modeling.

ProVal PS is also an effective business development tool, showing off a consultant's capabilities to a prospective client.

Asset Allocation

What contributions and expense are expected under the plan's current asset mix? What is the potential downside? Are there alternative asset mixes which will better meet the plan's goals?

The plan's asset allocation may be the most important decision the

plan sponsor makes. While alternative actuarial assumptions and cost methods can have a significant impact on current year costs and the incidence of costs over time, they have no permanent impact on the economics of the pension plan. The asset allocation, on the other hand, has a direct impact on these economics.

Choosing an asset allocation, or mix, that is right for your plan can be challenging. There are, literally, an infinite number of choices. However, with ProVal PS, one can narrow the field by eliminating mixes that are "inefficient." That is, mixes that produce a lower return than another mix with the same risk (or equivalently, mixes that have a higher risk than another mix with the same return).

The remaining mixes – typically more than 100 of them – comprise what is known as the Efficient Frontier. ProVal PS comes "pre-populated" with the mixes selected by the actuary or investment advisor, but also allows interactive study of each of the mixes on the efficient frontier as you search for mixes that meet specific goals.

Financial Sensitivities

What will future contributions and expense be? What if investment return is poor? What if inflation is higher? What if interest rates change?

ProVal PS allows you to compare the baseline forecast with various scenarios using different investment return, inflation, and

interest rates. As assumptions are changed, the comparison of results is seen immediately in graphical form.

Upcoming events can be highlighted to allow you to take action now before they become surprises. For example, a plan on a contribution holiday (\$0 contributions) might learn that a contribution might be necessary in the next 5 years if investment return is poor or inflation is high. Or, the plan's at-risk status might change if interest rates drop.

Disclosure & Budgeting

What should be budgeted for next year's expense? What should be budgeted for next year's contribution? What will the balance sheet look like at the end of the year?

The disclosure and budgeting tool lets you quickly determine the likely effect of market changes on the information you will disclose to shareholders at the end of the year.

- A plan's end of year funded status can be shown with its beginning of year funded status.
- ProVal PS provides estimates of next year's accounting expense and funding contribution.



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