

Ryan ALM - Custom Liability Index (CLI)

- History:** Ron Ryan designed:
Lehman Agg, Govt./Corp + 60 other Lehman bond indexes
1st Treasury STRIPS Index in 1985
1st Custom Liability Index (CLI) in 1991
ASC 715 discount rates in 2006 (FAS 158 effective date)
- CLI Objective:** To calculate accurately a series of *monthly* liability reports:
Present Value
Term Structure
Liability Growth Rate
Interest Rate Sensitivity
Statistical Summary Data
(Average Duration, YTM, etc.)
- Discount Rate(s):** Provide discount rates in conformity to ASC 715/GASB 67
CLI calculates using any/all discount rates acceptable to client:
ASC 715 (GAAP)
ROA (Multiemployer)
PPA (MAP 21 + spot rates)
GASB 67/68 (ROA/20 year muni)
Market Rates (Treasury STRIPS)
- Methodology:**
1. Actuarial Projections
CLI based on actuarial projected benefit payment schedule
 2. Discount Rates
Client chooses what discount rates to use or et al.
 3. Monthly Reports
CLI is a series of monthly reports
- Benefits:**
1. Discount Rates
Calculate discount rates in conformity with ASC 715 + GASB 68
 2. Asset Allocation
Calculates liabilities present value to assess Funded Ratio/Status
 3. Performance Measurement
Calculates liability growth rate for performance measurement
 4. Alpha
Requires CLI to measure Alpha
 5. Beta (De-risk)
Requires CLI to install a Beta portfolio to de-risk the plan
 6. Funded Ratio / Status
CLI provides liabilities PV to calculate Funded Ratio monthly

