TOM SALISBURY, Department of Mathematics and Statistics, York University, Toronto, Ontario M3J 1P3

*Liquidity premiums for variable annuities*

A significant level of US retirement savings are housed in variable annuity accounts. Such accounts typically impose restrictions on how funds can be moved around. What premium should these accounts pay in order to compensate the investor for the resulting lack of liquidity? The problem can be solved by reformulating it in such a way that techniques from the theory of American Options can be applied. This is joint work with Moshe Milevsky, Sid Browne, and Shannon Kennedy.