



SOCIETY OF ACTUARIES

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Canadian View

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versity, for the Preliminary examination, essentially all of the papers of the Intermediate examination, and at least the fourth paper of the Final examination. Clause 4 in the examination regulations reads: "The Council at its discretion may grant exemption from certain portions of the examinations to graduates who have attained a sufficiently high standard in appropriate papers of certain University honours degree examinations, . . ." As examples, they list six universities in England and three in Australia, including Macquarie University, and the particular programmes of study which are likely to result in exemptions for the students.

One can only hope that the Council of the Institute of Actuaries grants such exemptions rarely and grudgingly. Possibly we can assume that universities in England and Australia are really very superior to the universities in Canada. Speaking tongue in cheek, if the assumption is not valid and the hope cannot be realized, then surely the Canadian Institute of Actuaries must immediately review its position with respect to Fellows of the Institute of Actuaries in Great Britain. Exemptions, after all, are one form of "alternate route" and can only lead to a disastrous drop in standards of actuarial qualification.

There is a great need for more actuaries—so we are constantly told and surveys have supported this statement. This is certainly true in the United States. I believe, in Canada supply is not really that far behind the demand. In fact, if our good brothers south of the border ceased to place such a premium on good Canadian talent we could probably easily satisfy our own need for actuarial talent from existing sources.

In Canada the vast majority of actuarial talents come from the actuarial schools. The opposite is true in the United States. Unfortunately, I have no accurate statistics available to support my claim, but from the statistics I have, based on candidates writing parts 1 and 2, I would make an educated guess, that well over 80% of our actuarial candidates are in actuarial schools in Canada.

To conclude, I believe the universities can do a good job of preparing persons for an actuarial career, without any reduction in standards. Institutions which

can provide first-class surgeons, lawyers, engineers and members of most of the other respected professions, latterly even the accountants, for our society must certainly also be capable of meeting the needs of the actuarial profession. The anguished cries that standards will drop disastrously if the universities in Canada are permitted to do a part of the job leave me unmoved. Although we now have an excellent body of professional men in the Canadian Institute of Actuaries, I am weary of trying to explain that, even though all other professions call on the university to provide basic training, the actuarial profession does not give any direct credit for studies completed in an actuarial programme at a Canadian university. If approved, the university route to membership in the Canadian Institute of Actuaries would become the mainstream, not a small substitute as might be the case in the United States.

There are good reasons why we should move to accredit university actuarial programmes in Canada. I consider the following two reasons the primary reasons for such a move:

1. the universities are better equipped to provide students with an understanding of the mathematical concepts involved in the first five parts and standards can be constructed at a high level and at a reasonably comparable level across Canada; and
2. we will continue to have access to very able students only if they are not belatedly or otherwise required to write a set of examinations in addition to the tough set they must pass to get their degree.

Allied to the above is the need to give the actuarial programmes at our universities greater recognition. I do not consider the need for more actuarial graduates a primary reason—here we might find that greater promotional efforts, more scholarships and continuing good employment opportunities will probably attract a sufficient number, even if many of the most able will find access to other fields easier. The argument of greater educational flexibility advanced in favor of the "alternate route" in the United States is a relatively minor, technical argument.

(The above is a digest of a paper prepared for the Actuaries Club of Winnipeg. Copies of the original paper may be obtained from the author.) □

19th INTERNATIONAL CONGRESS

Editor's Note: Samuel Eckler, Secretary of the Canadian Section of the International Actuarial Association, and Edward A. Lew, Secretary of the United States Section, have asked us to publish the following announcement.

The 19th International Congress of Actuaries will be held June 19-24, 1972 in Oslo, Norway. A number of the more noteworthy features of the Congress were detailed in the March 1970 issue of *The Actuary*, in an article by Halvør Loken, Secretary of the Norwegian Society of Actuaries.

Bulletin No. 1 of the Organizing Committee for the 19th International Congress was distributed to all members of the International Actuarial Association in April. Members of the United States Section of the Association who did not receive this Bulletin are requested to write to Edward A. Lew, Secretary for the United States Section of the International Actuarial Association; members of the Canadian Section of the Association should notify Samuel Eckler, Secretary for the Canadian Section.

Fellows and Associates of the Society of Actuaries who reside in the United States and are not members of the International Actuarial Association will have the opportunity to join the Association for the fiscal year 1970-71 by completing the application forms recently mailed to them. Mr. Eckler has already sent out applications for membership to members of the Canadian Institute of Actuaries resident in Canada. Membership in the International Association is a prerequisite for attendance at the 19th International Congress of Actuaries.

Bulletin No. 1 of the Organizing Committee for the Congress deals largely with the subject matter for individual papers to be presented at the Congress. The four topics selected for individual papers are:

1. Life and pension insurance with variable sum assured or variable premium.
2. Methods for forecasting the development of an insurance company during the next ten years.
3. Private pension schemes and social insurance.

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Mandatory Pensions

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4. Some plans are terminated without sufficient funds to provide the benefits accrued.

We all recognize that many employers do have good retirement plans with early vesting and sound funding. I hope that voluntary measures will gradually improve each of the four shortcomings noted above. But serious shortcomings do remain today and even with significant voluntary improvement many people will never receive adequate pensions because of the above four reasons.

To solve these problems, (1) we can have federal legislation requiring every employer to have a retirement plan which solves the four above problems, (2) we can greatly expand social security to solve these problems, or (3) we can do some combination of these.

To solve these problems under the private sector the following requirements must be met:

- Every employer must be required to have a pension plan. The employee of a store with 2 employees has as great a need for pensions as if he were employed by a giant corporation. It would be possible to move towards this goal in a series of steps, making pension plans required first for employers with 100 or more employees, then for those with 25 or more, gradually moving down to the smallest employer. Alternatively the government could establish a second level of Social Security toward which every employer is required to contribute unless the employer maintains a plan with equivalent benefits.
2. The required plans would need to have some minimum level of benefit. Because of practical problems I suggest that the minimum level of benefits be related only to future service. The employer might have a choice of a minimum benefit formula or minimum contribution under a money purchase plan, comparable to the original Pension Benefits Act of Ontario, which was later revised. The absence of any required past service benefits would mean that this proposal would only gradually begin to solve the existing problems. Mini-

Actuarial Meetings

- June 2, Actuaries' Club of New York—Senior Branch—Statler Hilton
- June 3, Fraternal Actuarial Association—Drake Hotel, Chicago
- June 11, Batimore Actuaries Club
- June 11-12, Southeastern Actuaries Club—Hollywood Beach
- June 11-12, Canadian Institute of Actuaries, Ottawa
- June 17, Seattle Actuarial Club
- June 18, Chicago Actuarial Club—Annual golf outing
- June 18, Actuarial Club of Indianapolis
- July 9, Baltimore Actuaries Club

imum required benefits should be based on total compensation, perhaps excluding compensation over some very high limit.

3. The required minimum level of future service benefits would be fully vested for employees who work as little as one year. The employee who shifts jobs every five years has as great a need for an adequate retirement income as the one that stays with one employer for 40 years. Unless his pension is fully vested with every employer, he cannot get an adequate retirement income. Because of the problems of maintaining records on very small vested pensions, employers could purchase an annuity from the government if they wished. The government annuities could be administered jointly with social security, so that when a man's social security benefit becomes payable his various accumulated annuities would be paid automatically.
4. The required minimum level of benefits for future service should be required to be fully funded. Thus there would be no loss with respect to the required minimum pensions because they would be both fully vested and fully funded.

The above suggestions are radical. But I have not heard of any other suggestions, except a great expansion of the social security system, which will solve the four problems above. The problems must be solved. □

International Congress

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4. Problems connected with actuarial treatment of the risk process in an insurance company.

The Organizing Committee for the Congress has indicated that all papers must be in its hands by March 31, 1971. This means that final drafts of all papers by United States and Canadian members of the International Actuarial Association will have to be submitted to the committees on papers of the respective Sections of the Association not later than January 31, 1971. In order to make sure that all papers prepared by United States and Canadian members of the Association meet the conditions laid down by the Organizing Committee and to preclude several papers on essentially the same topic, it is requested that all those desiring to submit papers for the 19th International Congress (1) notify the Secretary of their Section of the Association *not later than July 1, 1970* that they have the intention of writing a paper on a specified topic, and (2) draft a detailed outline of their proposed paper and forward it to the Secretary of their Section of the Association *not later than September 15, 1970*. These notices of intention to write a paper and the outlines of the proposed paper will be referred to special committees on papers.

Application forms for participation in the 19th International Congress of Actuaries as well as additional information concerning the Congress will be distributed to members of the International Actuarial Association sometime in September 1970. The rules of the Oslo Congress provide only for full participation by non-Norwegians; the category of "business" members has been restricted to Norwegians.

On account of the limited physical facilities available for the Oslo Congress, quotas will be imposed on the numbers attending from each country. It is anticipated that authors of papers and those who have been members of the Association for a considerable period of time will be given priority. It is likely that the same situation will prevail at International Actuarial Congresses in the years to come, so that those desiring to attend future Congresses should consider becoming members of the Association at an early date. □