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## PROPOSAL FOR MANDATORY PENSIONS

by Donald S. Grubbs, Jr.

All of the arguments pro and con on legislative proposals regarding social security and private pension plans are based upon underlying assumptions. The underlying assumption of this article is that every American should retire with an adequate retirement income.

The present three-legged stool of social security, employer retirement programs, and individual saving do provide an adequate retirement income for many people, but they fail for others. We should examine the reasons why.

First, it is unrealistic to assume that individual savings will amount to much for most people. In our society many people are not able to save any significant amount of money. No amount of exhortation or encouragement to people to save will alter this situation. Therefore, an adequate retirement income must be provided by the other two sources, and anything from individual savings will be supplemental to that.

Social Security by itself does not provide an adequate retirement income. This is why most of us are advocates of an employer retirement program to supplement social security.

For some individuals there may not be an adequate supplement to social security from an employer program. There are four principle reasons for this:

1. Some employers, mostly small companies, have no pension plan at all.
2. Some employers have pension plans with benefit formulas too low to provide an adequate retirement income.

Employees change from one job to another prior to becoming eligible for vesting or for early or normal retirement.

(Continued on page 7)

## A CANADIAN VIEW OF THE ALTERNATE ROUTE

by E. R. Vogt

As a Canadian deeply involved in and committed to actuarial education in the universities, I have been grappling with the following question. Should the Canadian Institute of Actuaries ask the universities to assume the primary role for the education of actuaries in Canada?

There is little doubt in my mind that if the question posed above were put to the members of the Institute, without further discussion, the vast majority would answer "no". I am equally convinced that there is a growing proportion of the membership of the Institute who either maintain an open mind on the question or who see some merit in it. There are of course a number of very good and some bad reasons why members would answer "no". Some of these reasons are briefly outlined below.

1. We have an excellent system now in the examinations conducted by the Society of Actuaries.
2. It is important to maintain uniform and objective standards. At present we have one high standard for the whole of North America.
3. One of the prime purposes of the Institute is "to establish, promote, and maintain high standards of competence and conduct within the actuarial profession." The Institute might lose control if the universities were brought into the picture.
4. There would almost certainly be a reduction in standards if persons holding university degrees were given substantial credits toward membership in the Institute.

(Continued on page 4)

## DISSENT AND REFORM

### Book Review

by Stephen N. Steinig

William O. Douglas, *Points of Rebellion*, pp. 97, Vintage Books, New York, 1970, \$1.95.

(Editor's Note: In our May 1968 issue, we invited reviews of books of interest to actuaries, even though their content is outside our usual professional interests. Mr. Steinig has responded with the following review of Justice Douglas's controversial new book. We hope the review will prove as controversial as the book and that our Letters column will be richer by the correspondence stimulated by it.)

As this is written, the cry of "impeach William Douglas" is first being heard. There will be two major pieces of evidence presented against Mr. Douglas, Associate Justice of the Supreme Court: his former position and the associations he had as President of the Albert Parvin Foundation, from which he resigned in May 1969, and a recently published book he authored.

By the time this is read, *Points of Rebellion*, will undoubtedly have extensive news coverage and analysis.

This brief review will not attempt to explore the merits of the case against Justice Douglas, but only the ideas presented in his book.

*Points of Rebellion* is a short book, easily read in a two-hour sitting. It is a description and explanation of the sense of futility felt by a very large part of America's young and poor and non-white (and shared by millions of other Americans who do not fit these categories), as well as a statement of the consequences of continued indifference to the causes of this futility.

In the first of three sections, "How America Views Dissent," Justice Douglas discusses the various aspects of modern society which are causing infringements on the right of freedom of

(Continued on page 6)

## INTERNATIONAL ASSOCIATION OF CONSULTING ACTUARIES

by Preston C. Bassett

Consulting actuaries from the United States and several foreign countries will be attending the biennial meeting of the International Association of Consulting Actuaries (IACA) this fall. On October 5, 6 and 7, consulting actuaries from the United States will meet in Washington, D.C. with their counterparts from a number of foreign countries, to discuss the development of government and private pension plans and insurance plans throughout the world. The program includes formal national reports by several actuaries, panel discussions and ample time for informal get-togethers among the actuaries.

Members of the Association have been invited to be guests at the annual meeting of the Conference of Actuaries in Public Practice to be held in San Francisco on October 12, 13 and 14.

The IACA was formed in 1968 at the time of the meeting of the International Actuarial Association in Munich. The Chairman is Geoffrey Heywood, of Great Britain; Vice Chairman, James A. Hamilton, of the United States; and Secretary-Treasurer, Maxwell Lander, of Great Britain. In addition to Carroll Nelson and Preston C. Bassett, of the United States, members of the Executive Committee include R. C. Palmer, of Australia; Henry G. Devitt, of Canada; Dr. Georg Heubeck, of Germany; Ronald W. Abbott, of Great Britain; J.A.T.M. Brans, of Holland; and John A. Carson, of South Africa.

The objective of the Association is "to facilitate the exchange of views and information on an international basis between members on matters affecting their professional responsibilities as consulting actuaries and to take such action as an association, which may be agreed upon, provided that any such action shall be taken only after consultation with appropriately recognized professional actuarial bodies of all the countries of which members are citizens."

Membership is open to any individual fulfilling the following conditions:

- "(a) He is a member of a recognized professional actuarial body in his country acknowledged by the Committee.

- (b) He is a member of the International Actuarial Association.
- (c) He is a principle or partner of a firm of consulting actuaries, or an experienced substantially full-time consulting actuary, who is authorized to accept responsibility to clients on behalf of a recognized consulting actuarial firm.
- (d) He personally does not engage in business as an insurance broker or agent to any significant extent.
- (e) He is recommended by the Committee member responsible to the Committee for the country in which the actuary resides and works and is accepted by the Committee."

Announcement and registration forms for the Fall Meeting are being mailed to the current members of the IACA. All those wishing to attend the meetings have been requested to return the registration form prior to May 31st. Any other consulting actuaries, who would like to become members of the IACA and attend the Fall Meetings, should contact the author.

### Book Review

(Continued from page 1)

thought, and an increasing loss of privacy, and which he thinks will lead to a nation characterized by timidity, conformity, and mediocrity.

The specific issues which have given rise to the protests of the last decade—militarism, racism, unfair treatment of the poor, hypocrisy and deception on the part of national political leaders, despoliation of our environment—are described in the second section, "The Legions of Dissent." In the third section, Justice Douglas presents his views on "A Start Towards Restructuring Our Society."

*Points of Rebellion* is a work of passion. Unfortunately, many passages suffer from lack of qualification and from overly broad generalizations. The "Establishment" is attacked repeatedly but never defined. This use of sweeping generalizations might cause some readers to disregard the book's argument without a full examination of its merits.

Both the fervor and the tendency to overstatement are evident in passages such as the following, which expresses one of the major themes of the book:

The dissent we witness is a reaffirmation of faith in man; it is protest against living under rules and prejudices and attitudes that produce the extremes of wealth and poverty and that make us dedicated to the destruction of people through arms, bombs, and gases, and that prepare us to think alike and be submissive objects for the regime of the computer. This period of dissent based on belief in man will indeed be our great renaissance.

Justice Douglas believes that if the nation responds to dissent with repression, rather than with genuine attempts to solve the major social, political, and economic problems which give rise to dissent, the result will be rebellion. He draws an analogy between 1776 and the present:

We must realize today's Establishment is the new George III. Whether it will continue to adhere to his tactics, we do not know. If it does, the redress, honored in tradition, is also revolution.

This statement will be misread as an incitement to violence, which, read in context, it most certainly is not. Rather than encouraging revolution, which would be an "awful ordeal," Justice Douglas is pleading for the removal of the causes of revolution, for increased concern about the quality of life as opposed to the quantity of life.

This review is addressed to readers of *The Actuary* primarily as citizens—citizens of a republic for which Justice Douglas cares deeply and whose future he sees as uncertain. It is also addressed to them as actuaries and individuals influential in the life insurance industry.

Our industry, through its investment operations and as an employer and corporate citizen, can play an important part in revitalizing our society and in leading the "Establishment", of which it is a firmly rooted member, towards a reordering of national priorities. Judging by the industry's actions in recent years, it seems to have the moral vigor and social vision to do just that. And in so doing, it can help prevent that violent revolution both Justice Douglas and his critics most assuredly want to avoid.