

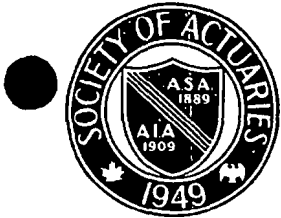


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"GROW OLD ALONG WITH ME"

by J. Darrison Sillesky

The 1971 White House Conference on Aging required only four days to draft, polish, print, and distribute to the 3,500 participating delegates a 176-page report on the concerns and the needs of the aged. This was the culmination of a distillation process that began about a year earlier when roughly 250,000 local representatives deliberated in thousands of community conferences to provide grass roots recommendations.

The Conference was called by President Nixon. Its purposes were: (1) to develop a national policy on older Americans, (2) to involve older people in helping solve their own problems, and (3) to involve national organizations in the problems of the aging. The first of these purposes was further defined: (a) to develop specific objectives feasible at the present time, (b) to develop short-range action plans, and (c) to establish long-range goals.

There were 14 topical sessions. Nine dealt with needs identified as Education, Employment and Retirement, Physical and Mental Health, Housing, Income, Nutrition, Retirement Roles and Activities, Spiritual Well-Being, and Transportation. The remaining five sections discussed ways of meeting these needs in terms of Facilities, Programs and Services, Government and Non-Government Organizations, Planning, Research and Demonstration, and Training.

Background papers on each of the major topics were commissioned from experts in the various fields. These extensive studies were summarized into workbooks organized around the principal "issues" that had surfaced in the community conferences and from other sources. Thus, the work of the delegates

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COMMITTEES

Editor's Note: This is the second report on the operations of the Society's Committees. Mr. Fibiger is Chairman of the Education and Examination Committee.

Education and Examination Committee

by John A. Fibiger

Most readers of *The Actuary* have already come in contact with the Education and Examination (E&E) Committee, which is responsible for administering the examinations of the Society of Actuaries and selecting and preparing the related study material. The educational and examination work for a particular examination Part is handled by a Part Committee, working under the direction of the Part Chairman. There are 11 such committees (the work for Parts 1 and 2 is done by one committee).

The Part Committees operate under the direction of seven General Officers who have overall responsibility for the E&E Committee's work. Also among the nearly 200 people on the Committee are individuals whose responsibility is limited to preparation of multiple choice examination questions, and Consultants who, as individuals of recognized competence on a particular topic, review drafts of educational and examination material and suggest revisions of the Course of Reading.

The work for an examination for a given year begins more than one year before the examination with a review of existing educational material by the Part Chairman, the Consultants to the Part, and the Part Committee members. From this review comes a recommendation as to changes in the Course of Reading, which is submitted for review to the

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SOME IMPLICATIONS OF TRENDS IN EDP

by John Kirkman

In December 1971 the Committee on Computers and Data Processing of the Actuaries Club of New York sponsored a panel presentation on the current trends in Electronic Data Processing (EDP). This was followed by a workshop in February 1972. Following are some of the problems discussed at these meetings and some solutions that computer users have developed.

The Changing Personnel Mix

The first problem is personnel. With turnover and retirements, simple insurance and pension administration knowledge within current clerical staffs is disappearing. It is not sensible, however, to make computer programs the sole repository for this working knowledge. In fact, higher competence within remaining clerical staffs is needed to deal with computer input and output and to handle "exception cases" varianced by the EDP system. It is difficult to hire and train clerical talent of this calibre.

Some companies are solving problems in actuarial applications of the system by having actuarial students write and maintain the required programs. For applications involving the daily administration of individual policy records, however, only a smattering of suggestions was offered. These included the use of taped instructions to aid in training for routine clerical operations; systems of personnel rotation; one-shot monetary bonuses for success on LOMA examinations; development of expensive but highly desirable clerical procedure manuals to be used by personnel servicing an EDP system; and following the "Project Team Approach" to systems development where representatives of the cleri-

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"Grow Old along with Me"

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was channeled into formulation of national policy to deal with the stated issues, but with freedom to deal with additional issues of their own formulation. The workbooks are still available at modest cost from the Superintendent of Documents and are worthy of careful study.

The 3,500 delegates appeared to have been drawn in large measure from organizations of older persons and from organizations accustomed to working closely with older persons. The recommendations reflected this orientation by being concerned more with the need to overcome the problems of the aged than with the costs of the needed programs. The full report is worth reading. Highlighting a few of the recommendations may stimulate individual investigation.

The WHCOA recommended, as an immediate goal, that older people should have total cash income in accordance with the "American standard of living." The minimum standard of income adequacy now was defined as the B.L.S. intermediate budget for an elderly couple (\$4,500 in Spring 1970) adjusted annually for both cost of living and standards of living. By 1974 the minimum income should be \$7,114 to provide a "comfortable" standard of living for the elderly couple. Financing would be provided in part from Social Security and in part by payments from general revenue. Several changes were recommended for the Social Security System including partial financing from general revenues.

Recommendations included immediate increases in the benefits of Medicare-Medicaid, but only as a temporary step toward a comprehensive national health security program including the aged as well as the rest of the population. "There should be no deductibles, co-payments, or co-insurance."

In the pension area, concern was registered with respect to fiduciary responsibility, disclosure, vesting, funding, portability, and reinsurance protection. Much concern was expressed about the need for flexible retirement ages, opportunities to work beyond age 65, pre-retirement counseling, and assistance in obtaining work at older ages both below and above age 65. Housing and health were other areas that received a great deal of attention.

At the closing session, President Nix-

International Monetary Crisis

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U.S. Balance of Payments

Very simply stated, the U.S. balance of payments statistics measure the differences between the dollar value of receipts from foreigners as opposed to payments to foreigners. For about the last twelve years, the U.S. has continually had a balance of payments deficit primarily because of such factors as:

1. Rising economies of countries such as West Germany and Japan (with the aid of unrealistic exchange rates) have developed products very competitive with corresponding U.S. products; and
2. Increasing U.S. expenditures abroad as a result of military acts, travel, foreign aid, and for capital investment.

In a sense the present balance of payments deficit has evolved because of our willingness to help other countries (to ultimately strengthen our international position) and our unwillingness to devalue (and possibly lose face).

The table below illustrates how our balance of payments position has worsened over the years to a point where the 1971 deficit will substantially exceed the total of U.S. gold holdings.

Balance of Payments on Official Standard Basis (in billions)

Year	Amount	Year	Amount
1960	\$-3.4	1967	\$-3.4
1964	-1.5	1968	-1.6
1965	-1.3	1969	-2.7
1966	-0.3	1970	-9.8
	1971*		-23.3

*For first three quarters (\$-5.5 in first quarter, \$-5.7 in second quarter and \$-12.1 in third quarter).

on expressed a personal commitment to make 1972 a year of action on behalf of 21 million older Americans. He dedicated a portion of his State of the Union message to "Action for the Aging" and appointed Arthur Flemming Special Consultant to the President on Aging. A new Cabinet-level Domestic Council Committee on Aging has the recommendations of the WHCOA at the top of its agenda and has established follow-up procedures to assure continuing attention by the many types and levels of government and private organizations in a position to implement the recommendations. □

U.S. Gold Holdings

During the last few years, U.S. gold holdings have steadily decreased because of the U.S. balance of payments deficit causing more dollars to be held by foreign governments later to be redeemed for gold. The September 28, 1971 edition of the Wall Street Journal reported U.S. gold holdings at the end of August, 1971 at \$10.21 billion, the lowest since the \$9.12 billion amount at the end of 1935. The level of holdings stood at \$21.75 billion at the end of 1955 and \$17.80 billion at the end of 1960.

August 15, 1971 Presidential Actions

Inflation at home, balance of payments deficit and the sharp drops in U.S. gold holdings set the stage for President Nixon's August 15, 1971 actions. From the U.S. standpoint it was apparent that the U.S. payments deficits must be corrected by keeping U.S. inflation under control and by determining realistic currency exchange rates which may be more easily supported. To accomplish the currency revaluation, the U.S. sought to have the other countries adjust their currencies upward rather than devalue the dollar, (thus increasing the price and importance of gold). The "closing of the gold window" represents an attempt to move away from the gold as the international reserve standard (i.e., to demonetize gold).

Subsequent Devaluation

Devaluation (resulting in one ounce of gold being equivalent to \$38) along with revaluation of other currencies is in the process of being implemented and should go a long way towards solving the imbalances of the monetary crisis.

Further Information

1. A book, *The Gold War*, by Gordon Weil and Ian Davidson, describes the mechanics of the international monetary system and is excellent background reading for the present monetary crisis.
2. Another source of material is the Survey of American Business, a monthly publication by the U.S. Commerce Department.
3. The U.S. Department of Commerce also issues a series of pamphlets, entitled "Do You Know Your Economic ABC's?", describing in laymen terms various topics involving the U.S. economy. One such pamphlet is on the U.S. balance of payments.
4. *Money and Banking* by Charles L. Prather. □