Article from:

The Actuary

September 1978 – Volume 12, No. 7

The Actuary

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Published monthly (except July and August) by the SOCIETY OF ACTUARIES 208 S. LaSalle St., Chicago, Illinois, 60604, William A. Halvorson, President, Myles M. Gray, Secretary, and L. Blake Fewster, Treasurer.

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EDITORIAL

We trust that with the items in this issue the dust kicked up by the Manhart rumpus has now settled and that consequently we can devote our time to important problems.

On the Proposed Membership Requirements, many of our readers have already commented either by letter or orally at actuarial club meetings. There is still time for those who have not yet aired their views to do so.

Mr. Lauer's article deals with a subject not entirely divorced from membership requirements, the article is merely a notice to the members of the present efforts of the Committee and these have obviously not yet reached the point where comments and criticisms could be invited. That is no reason why our readers should not give us of their wisdom in the columns of *The Actuary*—a wonderful chance for those senior members long removed from the examination process to comment on actuarial education.

Kind or even respectful words for actuaries are somewhat rare and accordingly the editorial in *The Wall Street Journal* of July 10th was most welcome. We quote briefly:

> "IT AIN'T ACTUARILY SO
>
> A polling organization once asked the general public what an actuary was, and received among its more coherent responses the opinion that it was a place where you put dead actors. The actuarial profession, which specializes in the recondite calculations insurance companies and pension funds make to balance their assets and obligations, bears this sort of thing with a patient shrug. It is not often in the public eye. It has inspired no television series.
>
> "Which is too bad. Consider the recent statement of the Social Security System's trustees — Treasury Secretary Michael Blumenthal, HEW Secretary Joseph Califano and Labor Secretary Ray Marshall — that the increase in payroll taxes our legislators decreed last year has 'restored the financial soundness of the cash benefit program.' No actuary would agree with this. As the trustees implicitly concede elsewhere in their annual report, the increase merely postponed an inevitable crisis. If the system is to avert ultimate catastrophe, more people in Washington are going to have to submit to actuarial discipline.
>
> "If he (the President) is lulled into complacency by those assurances of 'financial soundness,' we can only suggest that he consult with a few hard-headed actuaries."

Senator Hayakawa (R. California) has helped to wider spread the gospel by having the editorial entered in the Congressional Record (July 11, 1978). We thank several of our readers for bringing this item to our attention.

A.C.W.

LETTERS

Social Security

Sir:

Mr. Bayo's article in the June issue summarizes the 1978 reports on the Social Security Trust Funds. I would like to emphasize the importance of these reports which does not terminate with their publication. These reports on the program's financial condition were released by Social Security's Board of Trustees with as little fanfare as possible. To do otherwise would have been to risk publicizing that, despite recent assurances to the public that the 1977 Amendments placed the Social Security program in sound financial condition for the next 50 years, the facts (according to projections prepared by the Social Security Administration actuaries) are as follows:

- The Hospital Insurance program will begin operating at a deficit in 1985 and the Hospital Insurance trust fund will be exhausted in about 1990—just 12 years from now.
- To finance the benefits provided under the present Social Security program (Old-Age, Survivors, Disability and Hospital Insurance combined) will require current tax rate of 6.05 percent to be increased steadily to approximately 8 percent by the year 2000 and 12 percent by the year 2025. In other words, the tax rate will have to increase, on the average, by 0.13 percent *each year* for the next 46 years at which time it will be some 12 percent of taxable earnings. (Current law provides for the tax rate to increase to 7.65 percent by the year 1990 and to remain level thereafter.)

Publicity of this type could have been considered to be inappropriate at a time when the public was balking at a scheduled tax rate increase in 1979 of a mere 0.08 percent (from 6.05 percent to 6.13 percent) and when the Congress was considering "rolling back" the tax rate to 5.85 percent and "using general revenue" to meet the deficits thus created. For those not familiar with government jargon, it may be useful to point out that to "use general revenue" can mean any one of these three things:

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