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FEGLI

by Edwin C. Husted

The Federal Employees Group Life Insurance (FEGLI) Act of 1954, Public Law 83-598, was signed on August 17, 1954. Since that date the Act has been amended several times.

Before the FEGLI program was established there had been a number of beneficial associations providing insurance to Federal employees and annuitants. The original FEGLI Act provided that all of the liabilities of these associations would be combined into one Beneficial Association policy with the deficit to be covered by FEGLI funds.

The basic amount of regular life insurance for an employee participating in the program is annual salary plus \$2,000 rounded to the next higher \$1,000. The basic amount cannot be less than \$10,000 nor more than the basic amount calculated for employees in Level II of the Executive Schedule. The Level II salary is currently \$57,500 so the maximum insurance is \$60,000. An employee participating in the regular program can also elect an additional amount of optional insurance generally equal to \$10,000. In addition there is an AD&D benefit which is not continued after retirement or other termination.

Employees under several retirement systems may, subject to certain service requirements, continue the life insurance into retirement. The full amount of insurance is continued until age 65, or retirement if later, and then reduced by 2% per month until a reduction of 75% is reached.

Over 97% of the covered retirees are in the Civil Service Retirement System. Ten other retirement systems are considered qualifying systems for continuation of full coverage. These include the Tennessee Valley Authority and Foreign Service Retirement Systems and the systems covering the District of Columbia policemen, firemen, and teachers.

The employee contribution rate is two-thirds of the bi-weekly cost of \$1,000 of insurance, as determined by the Civil Service Commission,* rounded to the nearest half-cent. The agency contributes one-third of the level cost. Agency and employee contributions stop at retirement. The optional insurance program is paid for entirely by the enrollees with the cost determined by age group.

The law provides that the Commission contract with one or more companies to provide the insurance. The Commission contracts with the Metropolitan Life Insurance Company to

SOCRATES INTRODUCES PLATO TO NETHER WORLD OF EDITING

by John W. Tomlinson

Recently Jack Moorhead, newly-appointed successor to Andy Webster as editor of *The Actuary*, called on Mr. Webster in that newspaper's sumptuous New York offices. The dialogue between those two giants of our profession having, like the initial Socrates-Plato dialogue, been mislaid, posterity will have to be content with one FSA's dream of what was said:

Jack. (restlessly, to Andy's secretary) How much longer do I have to wait here in the vestibule?

Secretary. This isn't the vestibule. It's Mr. Webster's office. (Secretary exits).

Andy. (Enters). Welcome to the humble home of *The Actuary*. I hope I haven't kept you waiting more than ten minutes.

(They shake hands).

Jack. Thank you-all, Andy. Now, what's the first thing I should do as editor?

Andy. Work on your Scottish accent.

Jack. What's the second thing I should do?

Andy. Learn to quote famous people—like Descartes.

Jack. How do I know he's famous?

Andy. He will be after you have quoted him.

Jack. How can we arrange for an orderly transfer of power?

Andy. You pay your electricity bills and I'll pay mine.

Jack. On what day of the month do the members expect to receive *The Actuary*?

Andy. Between the first and the thirty-first of any nearby month.

Jack. But don't some months have fewer than 31 days?

Andy. Perhaps so, but I never heard it put quite so eloquently.

Jack. How is the budget?

Andy. Which budget? The Zero-Based Budget? Or the Absolute Zero Budget? You'll find that either is adequate once you've developed your Scottish "brrrr".

Jack. What is the inspiration for your editorials?

Andy. You know the old saying, "10% inspiration, 90% desperation."

Jack. Do the associate editors help with proofreading?

Andy. Yes, as long as it's 36 proof.

Jack. How do you ensure that all points of view are fairly represented?

Andy. I never write more than half of the articles myself.

Jack. You do some ghost writing then?

Andy. Only when the proof spirit moves me.

*As of January 1, 1979, the Civil Service Commission is now the Office of Personnel Management.

FGLI

(Continued from page 4)

The following Table shows specimen mortality rates used in the valuation.

**Regular Program Ultimate Mortality Rates
Per Thousand**

Age	Employee Male	Employee Female	Age Retired Male	Age Retired Female	Disability Retired Male	Disability Retired Female
40	1.8	1.2	3.0	2.1	16.0	10.0
50	4.5	2.3	6.8	4.3	23.2	11.7
60	9.8	4.0	15.7	7.8	34.8	19.0
70	21.5	8.1	37.0	17.3	60.0	31.6
80	51.0	25.9	88.0	55.0	116.4	67.5

Details are given in the 1977 FGLI valuation report a copy of which may be obtained by writing:

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□

Socrates and Plato

(Continued from page 1)

- Jack.* How do you see that women get a fair shake?
Andy. I take them riding in my 1937 Maxwell.
Jack. Do we have to print any more about Manhart?
Andy. Oh, have a heart, man.
Jack. Where do you get your better material?
Andy. I'm flattered that you ask. My wife buys the tweeds directly from MacGregor's-in-the-Highlands.
Jack. How do you decide what goes on the front page of *The Actuary*?
Andy. I don't. I plan pages 2 through 8, and see what's left over.
Jack. How do you fill up space?
Andy. There is no space—there are only quasars and black holes.
Jack. How do you decide whether a manuscript is libelous?
Andy. I publish it and wait for the phone to ring.
Jack. And how do you check for factual accuracy?
Andy. It's called *The Actuary*, not *The Factuary*.
Jack. Has anything happened recently that I should know about?
Andy. Two letters of complaint just arrived.
Jack. What does that mean?
Andy. That our readership has doubled.
Jack. And what about hate mail?
Andy. I haven't written any in over a year now.
Jack. Where do you think ERISA is headed?
Andy. She's trying to catch up with STOCHASTA.
Jack. How do you deal with the highly mathematical articles that new Fellows submit?
Andy. My practice is always to substitute Lidstone's Theorem. No reader has yet noticed.
Jack. Why are you giving me such funny answers?

Andy. Aren't you the casting director for "Comedians Unlimited"?

Jack. No, I'm the new editor of *The Actuary*.

Andy. What's the difference?

Jack. Andy, do you mean you're stepping down as editor to start being a comedian?

Andy. There are some who'd say I never was anything else.

Jack. Oh, go on, Andy, you're a top-notch actuary, a fine Society past-President, and a great, great editor!

Andy. My compliments to you also, Jack. I wish you all success as successor!

Jack. Thank you indeed!

(Here 18 minutes of the tape are lost)

(Again they shake hands. Once more a sense of serene Socratic accomplishment enlightens *The Actuary's* humble abode).

CURTAIN

WHAT IT'S LIKE TO RUN FOR CONGRESS

Ed. note: To have one of our members run for the U.S. Congress is possibly unique in the history of the Society of Actuaries and its predecessor organizations. Thomas P. Bowles, Jr. did this last fall. What follows is an interview of Mr. Bowles by a member of the editorial board of *The Actuary*.

- Q. Tom, did you run for experience, for fun or in the belief that victory was possible?
- A. I must have run for experience, because I got plenty of it. But it was an experience that taught me much and that I wouldn't have wanted to miss. Some of my actuarial peers suggested that I had more guts than brains to get involved in the political arena. From time to time, however, one is persuaded to take a stand. In his book, "A Time for Truth," William E. Simon reminds us that in the golden age of Pericles, the youth of Athens recognized public service as the noblest of the professions. Not so today, for either youth or elderly, but a duty nevertheless.
- There were many difficulties. We could not afford television. We could not afford a full time campaign manager. I began as an unknown; after the primary, my opponent, the incumbent, had an identity quotient of about 98%, mine then being 3%.
- But the result was not entirely disappointing to the party regulars in view of lack of funds and lack of identity, no full-time manager, and limited time for campaigning. Victory on a first attempt was outside the bounds of possibility, yet a first attempt is a necessary prelude to victory.
- Q. Which, among your opponent's characteristics, gave him the largest advantage?
- A. Far and away, it was the fact of being the incumbent. The odds, measured in economic terms, against the challenger are formidable. It is said that an incumbent has an initial economic advantage equivalent to about \$500,000.
- Q. How important, relatively, did you find (1) money, (2) hard work, (3) the popularity of your stands on particular issues?

(Continued on page 8)