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AN EDITORIAL BY THE PRESIDENT

WHAT DOES THE SOCIETY MEAN TO YOU?

EACH incoming President mulls over this question. We have to know in setting our goals. We have to know if we are to leave the Society stronger at our term's end.

The Society's twin thrusts are Education and Research. We manage a complex educational and examination system, keeping the curriculum abreast of, even ahead of, the issues while maintaining high professional standards. And recent years have seen major progress in offering continuing education to our members. Also, actuarial knowledge is advanced through papers, meetings, statistical studies, and research.

Yet, we individual members tend to take education and research for granted. Although we aren't sure what, we expect something more from our Society.

I have talked to many of you on what the Society means to you, and on two closely associated questions, What is the Society doing for you? and What are you doing for the Society? The 1979 vote on the Fraternal merger aroused many of you to show that maintaining and enhancing the significance of the F.S.A. designation is one of your primary objectives. But otherwise there remains a general air of complacency within our profession that gives cause for concern.

Just now, there seems little awareness of burning issues confronting us. In fact, looking back, most burning issues have been, to most of us, boring issues. Instances are professionalism and structural reorganization. Yet events, internal and external, are taking place which will shape our futures—to name a few, new valuation and non-forfeiture laws, opinions and recommendations on policy dividends, actuarial certification of statements, the future of private pensions, careening inflation and interest rates.

Amidst all this, it worries me to be told that some of you don't attend the Society's business sessions, that our publications gather dust on your shelves, and that The Actuary is discarded after you've tackled the puzzles and looked for the limericks.

We on the Board can make the Society a more vital, stimulating organization. But we need your help and your ideas. I ask you, specially you younger members, to be concerned. This is your profession, your livelihood, your future. Present your ideas. Express your concerns, your dissents, your approvals. If you wish to serve, let us know. Be interested in what the Board is doing. Participate at meetings.

Please write to me or to any Board member. Suggest how our proceedings and our profession may become more dynamic. We'll do our best to respond to your ideas. I'll place Board questions before you in The Actuary so you can help us decide in what direction the Society should move, and how fast.

I will be satisfied that I have done reasonably well as President if at the end of my term a good number of you have a clearer picture of what the Society means to you, and a deepened contentment with how the Society is serving you and how you are serving the Society.

Robin B. Leckie

LETTERS

More On Public Expressions

Sir:

Further to the comments by Paul Jackson (May) and John Hanson (September), it appears that statements to goveinmental bodies are issued on the Academy letterhead with little restraint. One such statement, replying to questions submitted to the Academy, acknowledges that few of those matters are actuarial in nature but nonetheless proceeds to respond. Personal opinions apparently can be included in such statements and thus be given the weight of the Academy's authority. Facts can be stated incorrectly with no apparent review.

Thus there seems to be a pattern to Academy conduct in its pronouncements not in the interest of all actuaries. Possibly it is time for the Society to take formal or informal notice of what is transpiring.

John T. Gilchrist

Mixed Blessings From Policy Loans

The "Insurance Loan Pros & Cons" in your April issue interested me because I've run into this question with my tax clients. Consider an example touted in our local newspaper, of borrowing \$50,000 at $5\frac{3}{4}\%$ and investing it at 8% for an imputed annual profit of \$1,125.

It has been pointed out that income tax in the 40% bracket brings the profit ceiling down to \$675. But that's a maximum-there may turn out to be an annual loss to the policyholder of \$475. Reason-interest received is always taxed, but interest paid out produces full credit, partial credit, or no cerdit at all, depending on how your "Itemized Deductions" compare with your "Standard Deduction." Because of the everincreasing Standard Deduction (now called Zero Tax Bracket), fewer and fewer people are getting the full tax credit, 40% in our example; they may get no credit at all, and end up paying out $5\frac{3}{4}\%$ while receiving only 4.8%.

A few more points that borrowers need to understand. (1) You put up 100% security for your policy loan. Is the security as good on your investment? (2) How about relative liquidity? (3) What about the variable market value of