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INTERVIEW WITH AN ACTUARY IN THE PUBLIC INTEREST

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I recently sat down with Bruce Schobel to talk about his experiences in the public sector, working with Social Security, the Greenspan Commission and advocating for the public throughout his career. Following are excerpts from our discussion:

What is your current professional role and how does it relate to the public?

I am semi-retired. I took early retirement from New York Life in April 2012. I speak on Social Security every now and then and still serve on some professional committees.

What is your educational background?

I grew up in Cleveland, Ohio, went to college at Massachusetts Institute of Technology, never failed an actuarial exam, and became a fellow in 1976, two years after college graduation.

What is your professional background?

I took my first job as an actuarial student in 1974. In 1975, I went to my first Society of Actuaries annual meeting, where I met Bob Myers. During my exam studies I had read more of his Social Security book than was required on the syllabus. I just couldn't put it down! Anyway, I told him I had read his whole book and loved it, but believed that I had discovered 12 errors. After Bob went through each "error" with me, about six turned out to be real errors. Bob really appreciated the thorough (though unsolicited) review and asked me to review every future edition for him.

In fact, Bob was one of my heroes. I really liked him a lot. I had been at Prudential, but in 1979, started working in the disability program at the Social Security Administration (SSA). I found a letter from Bob Myers in the files there and answered it. Bob was appreciative and that formed the basis for our friendship.

In March 1981, Bob was made Deputy Commissioner of Social Security, at age 68, and he came and found me to come work with him. We both worked on the Greenspan Commission. Afterward, I did other cool things in the government.

At age 36, at the end of the Reagan administration, I left the government and went to Mercer to be their expert on Social Security. At Mercer I was in constant conflict with my bosses because I spent so much time answering internal questions from other Mercer consultants rather than billing clients. In 1990, I went to New York Life, and, with them, I was free to do Social Security consulting on the side. I was also appointed to the ACLI (American Council of Life Insurers) Social Security Committee and chaired it for a long time.

What prepared you most for your professional role?

I was lucky in lots of ways. Bob Myers was really, really cool, and we shared a lot of our personal lives together. You never know who you are helping. Answering Bob's letter back in 1979 led to a satisfying career for me, but I never took my friendship with him for granted. It's getting worse today. People are expecting some payoff for everything they do. I became an influential 29-year-old by virtue of Bob Myers bringing me in. I've left my fingerprints all over the Social Security Act. And I was able to accomplish all this just by being in the right place at the right time. I got lucky.

What are you most proud of?

The Greenspan Commission was reaching an end in 1982, but was having trouble concluding its work. They had agreed on many changes to Social Security, but needed some balancing items in their proposal to get them through 1983 (when the trust fund was about to reach zero). I was the one who came up with the idea. I said, "Why don't you refinance military service wage credits?" The idea was to force the military to pay taxes, with interest, into the trust fund, on this non-wage credit, all the way back to the beginning, for the military service wage credits. Because of this idea, \$26 billion was credited immediately to the trust fund, the Treasury issued the bonds, and the 1983 problem was solved. No one in the general public had to pay a dime. It was nice to be

able to show that actuaries can come up with policy ideas.

Are there any other actuaries that work directly in the public interest that you admire?

Dick Schreitmueller. He's about 80 right now. He worked in the Social Security Administration when I was there. He had a lot of impact designing the 1986 Federal Employees' Retirement System (FERS).

What are some of the ways that you have been able to stand up for the public interest?

In the late 1980s, increasing the number of years over which Social Security benefits are computed was very popular, with 40 years, rather than 35 years, a common proposal. The Moynihan proposal (using the high 38 earnings years to compute benefits) would have caused maybe 90 percent of the savings to come from women. Many women already had zeros in their earnings records. Senator Moynihan killed that proposal, after I made people aware of the unintended consequences of it.

In 1981, David Stockman proposed several things to change Social Security, and one was especially bad. He wanted to increase the early retirement reduction factors to 15 percent per year. This would have resulted in a 55 percent benefit, for three years early retirement, versus 80 percent, which is what it was at the time. This would have been a dramatic change in the short term. I hypothesized that the only people who would suffer would be poor people who had to take early retirement. It was a cruel way to cut benefits and benefit outgo. Rich people were inoculated against it because it was only the poor who couldn't delay retirement that would truly suffer. I was happy to be against that proposal, and it eventually died.

How have you dealt with difficult situations?

During George W. Bush's second term, starting with his second State of the Union address, he had pushed individual accounts for Social Security in a way that was intellectually dishonest. I

tried to talk to people on the inside. That didn't work. Then I helped people on the outside to understand it better.


What was your most rewarding job?

There were two jobs I found most rewarding: staff actuary for the Greenspan Commission and senior policy advisor for the Commissioner of Social Security, Dorcas Hardy. The first job was a very challenging job, but I knew it was supposed to end in 1982, and it really did end in 1983. That's why it was a tie. I felt like every day I spent with the Greenspan Commission was a major contribution to public policy, but it was temporary. The other job lasted longer.

Where would you like to see changes made in Social Security so as to have a positive public impact?

That's really easy. The biggest danger is the loss of confidence in Social Security among younger people. We want to get a package of changes enacted into law. The only people who really believe in Social Security right now are age 55 and older. We might as well make the necessary changes now and get it over with.

Do you have any thoughts to share with current and future actuaries working in professional roles having a direct impact on the public?

Always be alert to opportunities to act in the public interest. We don't always think about what's right for the general public, because we become too involved with employers and clients and lose sight of the public. 

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