



SOCIETY OF ACTUARIES

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STOCK EXCHANGE AGGREGATES IN TWO COUNTRIES

Compound Annual Growth Rates of Average Common Stock Values (Including Dividends)

| <u>Ten-Year Period</u> | <u>United States</u> | <u>United Kingdom</u> |
|------------------------|----------------------|-----------------------|
| 1960 - 1970 | 7.05% | 9.7% |
| 1970 - 1980 | 7.56 | 15.9 |

The U.S.A. figures in this table are derived by Herbert W. Hickman from a set of unit values that he has calculated back to 1871—see *XXII TSA* (1970) and our May 1979 issue. The basis since 1927 has been Standard and Poor's 500-stock index, less 0.25% for investment expenses.

Mr. Hickman's indices (1871 = 1.00) for the latest three years were:

| | <u>Average Value</u> | <u>December Value</u> |
|------|----------------------|-----------------------|
| 1978 | 2,161.81552 | 2,218.19567 |
| 1979 | 2,429.96712 | 2,605.89674 |
| 1980 | 2,932.33852 | 3,368.67049 |

Mr. Richard H. Pain, F.I.A., who is Chairman of the Financial Times—Actuaries' Share Index Committee, has kindly contributed the United Kingdom figures above, and has also sent us growth rates without dividends for decennia back to 1900:

| | | | |
|-------------|-------|-------------|------|
| 1900 - 1910 | -0.9% | 1940 - 1950 | 5.7% |
| 1910 - 1920 | 6.2 | 1950 - 1960 | 9.6 |
| 1920 - 1930 | 0.5 | 1960 - 1970 | 3.8 |
| 1930 - 1940 | -2.6 | 1970 - 1980 | 8.0 |

Mr. Pain describes his figures thus: "These figures are for Ordinary Shares of U.K. companies, derived from the London & Cambridge Economic Service up to 1930, the old Actuaries' Index from 1930 to 1962, and the F.T. Actuaries' 500-Share Index from 1962 onwards. Mr. Hickman assumed dividends reinvested, but my figures show growth in share prices plus average dividend yields." □

Letters

(Continued from page 5)

Infant Qualifiers

Sir:

In response to Conrad M. Siegel's "Bare Facts" (January issue)—years ago I helped install a pension plan, the data sheet for which showed many employees as having birth dates identical with dates of employment. We returned the sheet for correction. The employer assured us that the facts were correct.

Back in the 1930's when the firm first set up employment records, they asked their employees when they were first hired. Many stated they had worked there all their lives, and it proved impossible to dispute them. Long ago, as children barely able to walk, they had performed duties such as carrying water to their fathers. All the life they could remember, they had worked at the plant.

Preston C. Bassett

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Up With We Will Not Put

Ed. Note: Here is the gist of some incoming letters during the hot months.

Sir:

Down we have long played your journal's miscues. But up we must speak when you print the outrage ("Actuarial Offspring," June issue) that .9 is less than 1.

$$\text{For, if } x = .\dot{3}$$

$$\text{then, } 10x = 3.\dot{3}; 9x = 3; x = \frac{1}{3}$$

$$3x = .\dot{9} = 3 \times \frac{1}{3} = 1$$

J. Feldman, G. Frisch, M. Grant,
L. Gulbrandson, J. B. Hey (F.I.A.),
D. W. Loring, B. B. Murphy,
D. F. Ogden, J. Philips, E. Scher.

Ed. Note: The demonstration above is one of many that our gentle correspondents suggested.

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Sir:

Rephrasing would have enabled you to avoid the awkward "xxx" means "he or she" (Whom Should I Have For My Actuary, April issue), and to have concentrated on the qualities that matter.

The following keeps out the sex issue:

An ideal actuary:

- i) has demonstrated competence . . . ;
- ii) is personable and tactful;
- iii) has management ability;
-
- iv) represents a reputable firm.

While a client probably wouldn't bar a competent male actuary from consideration if our description referred to him as "she", why risk it?

Marianne G. Brackey

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Sir:

The use of "actuarly" for "actuarially" by otherwise literate persons has caused me great orthographic agony.

Ray M. Peterson

THE E. & E. CORNER

Ques.: Are test papers kept forever? If not, for how long?

Ans.: Examination papers are kept for at least six months, then are destroyed to make room for the incoming batch. If you have a question about your results, you should take it up with the Committee Chairman no later than the next exam date. If you do, your paper will be kept until your query has been resolved.

Ques.: Is it true that an essay answer sheet onto which the question has been copied earns more points than an empty answer sheet? What if I copy down the question and name the book where the answer can be found?

Ans.: No credit is given for either of these. The exams aim to test your understanding of the material, not your copying skill or your familiarity with syllabus pages. Credit is given for salient, relevant facts only. So, if a question is beyond you, spend your time on another question about which you do have knowledge.

Happy to have these questions! Keep them coming.

J. J. Murphy