



SOCIETY OF ACTUARIES

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## SS COMMISSION DISCUSSES NORMAL RETIREMENT AGE

by David M. Lipkin

(First of two articles. The second will report Robert J. Myers' role in these proceedings.)

At its June 21, 1982 meeting, the National Commission on Social Security Reform discussed whether continued mortality improvement justifies raising the normal retirement age.

Neither of two experts who appeared by invitation saw such justification. In the discussions that followed their presentations, Commission members appeared split over the issue.

The first authority, Dr. Jacob Feldman of the U.S. Department of Health and Human Services, addressed the question whether mortality improvement can be equated with more years of productivity; he reported from a recent survey that the proportion of men aged 50-69 who said they were unable to work in jobs for which they were suited increased in the 1970s even though male mortality decreased. He said that many whose lives were thus extended had been rescued from heart attacks, and thus included otherwise unhealthy or disabled lives. Furthermore, non-lethal disabling conditions, such as arthritis, wouldn't be expected to improve as mortality declines.

Noting that one reason why the better-educated show low disability rates is because they generally have less physically demanding jobs, Dr. Feldman expressed doubt that future better-educated generations will experience improved morbidity. Recent country-wide lifestyle changes, e.g., more exercise and less smoking, cannot, he said, be counted upon to expand productive lifetimes; any such gains may be offset by losses from alcohol and drug abuse.

Dr. Robert Butler, National Institute on Aging, echoing Dr. Feldman's doubts, proposed establishing a "health expectancy index" as a numerical measure. He said that many illnesses previously attributed to aging (hence incurable) are now being diagnosed as diseases (hence curable or preventable).

Yet, Dr. Butler seemed less settled in his mind than was Dr. Feldman on the issue; he believes that lifestyle changes may eventually improve morbidity, and he

reminded the Commission that surveys of people's perceptions and recollections are notoriously unreliable.

### Commission Discussion

Much of the ensuing discussion concerned reasons why reported morbidity is increasing, the principal ones cited being:

1. Morbidity really is increasing.
2. Lower mortality is saving unhealthy lives.
3. The definition of disability is changing.
4. Diagnosis and reporting have become more accurate.
5. Large disability benefits and high unemployment are obscuring the facts.

When Dr. Feldman said that two-thirds of those aged 65-67 believed themselves fully able to work, one member asked if policy should be built for the two-thirds who can work, or for the one-third who cannot.

Executive Director Robert J. Myers explained the compromise between concern about cost and public desires that caused age 65, rather than 60 or 70, to be chosen initially as the earliest retirement age. One member believed that when the baby boom matures, a higher normal age may be needed to keep older workers in the labor force. Dr. Butler emphasized that individual choice of when to retire is desirable; this met with some members' approval.

Members who favored maintaining age 65 as the normal believed that a change would hurt those least able to afford it, while those favoring change stressed today's greatly increased life expectancy. One member's view is that Social Security's promise should be regarded as no more than keeping a constant ratio of retirement years to working years. But another considers that we are now presented with a demographic opportunity to get the system on to a sound financial footing. □

### MAIL ALERT

During the summer you should have received your copy of the *Record*, Vol. 8, No. 1 covering the Houston meeting last April. If not, tell the Society office in Chicago.

## Letters

(Continued from page 2)

### History of Part I Passers

Sir:

Linden N. Cole's statistics and projections (June issue) warrant much further analysis. For example:

(1) How well, relatively, have students who got credit for Part I by the Graduate Record Exam route performed?

(2) What is happening to women, ethnic groups, etc.? Surely French Canadians cannot continue to supply their phenomenal 7% - 9% of all successful candidates and hope to find employment in Quebec.

(3) I hope the fundamental question whether rapid expansion, or even any expansion, in the number of actuaries is desirable, is being addressed.

(4) Finally, we should learn from the first horrendous (and wrong) economic projections of the Club of Rome, and not assume that this world is governed entirely by the exponential growth function. There is also the sine function; the pendulum will swing back.

Charles V. Schaller-Kelly

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Sir:

I wonder if trends are discernible in the percentages of Part I passers who will become Associates.

As an alumni admissions representative for my college, I have access to figures that show that even though the number of applicants has been shrinking, the percentage who are qualified and interested has grown. Perhaps the Society is about to experience such a condition.

There is of course the possibility that my alma mater has weakened its definition of "qualified". But they claim not to have, and my experience corroborates that claim.

Robert L. Whitney

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### SOFASEX

Sir:

The folder in my desk, containing Society studies on discrimination and naturally labelled S OF A SEX, has prompted my secretary to ask why I keep so accessible a file that calls attention to my personal preferences.

Howard H. Kayton

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(Continued on page 5)