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# The Actuary

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## THE (DOLLAR) STATE OF THE SOCIETY, 1982-83

*by Robert J. Johansen, 1980-83 Treasurer*

FINANCIAL SUMMARY (Amounts in thousands)

| | Income | | | | Expense | | |
|---|---|---|---|---|---|---|---|
| | 1981-82 | 1982-83 | Budget 1983-84 | | 1981-82 | 1982-83 | Budget 1983-84 |
| Educ. & Exam. | $ 951 | $1,112 | $1.092 | Educ. & Exam. | $ 955 | $1.036 | $1,127 |
| Seminars | 369 | 328 | 393 | Seminars | 328 | 385 | 406 |
| Meetings | 323 | 364 | 427 | Meetings | 321 | 351 | 433 |
| Dues | 906 | 1,050 | 1,171 | Member Svcs. | 998 | 1.085 | 1,149 |
| Interest | 171 | 112 | 90 | Public Info. | 79 | 90 | 91 |
| Other* | 469 | 531 | 464 | Research | 89 | 80 | 99 |
| | | | | Gen'l & Admin. | 339 | 421 | 304 |
| Total | $3,189 | $3,497 | $3,637 | | $3,110 | $3,448 | $3,609 |

*Includes income from sales of books, Academy and Conference reimbursements for office services, and assessments for costs of compiling mortality and morbidity reports.

| | 1982 | 1983 |
|---|---|---|
| Total Assets | $2,184 | $2,441 |
| Membership Equity | 576 | 625 |
| Equity per Member (Dollars) | 67 | 70 |

The Society's 1982-83 income exceeded its expenses by less than 1½%. Net investment income, hit by lower market yields, was $59 thousand below its 1981-82 peak, but dues income went over the million mark reflecting both membership growth and small dues increases. Income from our education and examination system also passed the million dollar mark, reflecting a sharp increase in Part 1 and 2 candidates; it exceeded expenses by $76 thousand. The E & E budget, apart from a 10% subsidy of costs of Parts 1-4, is set to be self-supporting.

Seminars and meetings are intended to be self-supporting, but last year's income from seminars fell by $41 thousand while expenses were rising by $57 thousand, yielding a $57 thousand loss. Income from meetings exceeded expenses by $13 thousand.

Expense of membership services, including our publications, increased by $87 thousand. General and administrative expense rose by $82 thousand, a large part being the cost of moving our office to Itasca. Future costs at Itasca will be lower than if we had stayed in downtown Chicago.

The coming year's budget reflects a small 1984 dues increase ($10 for Fellows and long-term Associates, $5 for others), and higher meeting fees. Investment income is expected to continue its decline, although $500,000 has been invested in Treasuries maturing over the next 5 years to lock in current rates thereon. A drop in E & E income is expected, while expenses will rise; the difference will be made up by the Parts 1-4 subsidy already mentioned.

The Society is in strong financial condition as we provide additional and improved services to our members. Our staff is studying ways to reduce expenses, such as the costs of producing the Transactions and the Record. The Society recognizes our debt to the tremendous efforts of our hundreds of committee volunteers carrying on their essential and ofttimes burdensome activities.

### DEATHS

Robert C. Bailey, F.S.A. 1950
Lyle F. Drake, A.S.A. 1950
William L. Kronholm, F.S.A. 1945
J. Edwin Matz, F.S.A. 1950
Odon Niox, F.S.A. 1953
Felicitas Reich, F.S.A. 1949
Henry G. Sellman, A.S.A. 1917
Murray Silver, A.S.A. 1980

### ACTEX STUDY MANUALS

Study manuals are available for all May 1984 exams except Part 10. Those for Parts 3, 4BC & 6 are new, rest are our 1983 editions. There is also a manual for Part EA-1. Particulars, if not in your company, from: ACTEX, Box 2392, Framingham, MA 01701.

*Richard L. London*

## SAVINGS BANKS RETREAT FROM MUTUALITY

*by John C. Angle*

As we ponder the future of mutual life insurance, we should be aware of the winds of change sweeping through the mutual savings bank industry. Consider, for instance, an editorial "The Mutual Bank Fiction" in The New York Times last fall. That editorial writer found that mutual ownership of savings banks now conveys no benefits at all on depositors. He saw ample reason to favor an amendment to the New York State Constitution (which the voters proceeded to approve handily on November 8th) allowing mutual savings banks to become "profit-motivated stock corporations". He was positive that such conversion would give depositors higher interest rates on their savings and a prospect of lower rates on loans.

He could find no continued advantage to mutual savings banks. Their safety, he wrote, comes from government insurance and adequate regulation, and he viewed them as less accountable to the public than are private savings banks. That editorial concluded that mutual ownership limits the services that can be offered, and that it is competition not structure that's important.

It is worth recalling that the mutual savings bank movement began in Scotland in 1810, when the Rev. Henry Duncan convinced his parishioners and townspeople to begin a "savings and friendly society" to be operated not-for-profit by officers donating their time as a philanthropic service. That bank had ordinary members who made regular deposits, and extraordinary members who contributed to a surplus fund whose earnings were paid to ordinary members to encourage their thrift.

The idea reached the United States before 1820 and ultimately led to mutual savings banks in seventeen of our northeastern states. An early one, the Philadelphia Savings Fund Society, has just completed a successful conversion and an offering of common shares in an underwriting managed by leading Wall Street firms. The prospectus evidences the toll taken by our recent high interest environment and also the assistance that the Federal Deposit Insurance Corporation had provided during a recent merger. Clearly, both state and federal regulators are

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