



SOCIETY OF ACTUARIES

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## ALMOST A HUNDRED HALF-CENTURY FSAs

This year 12 Fellows and 2 Associates join the exclusive Half-Century Club, those few who have held memberships for 50 or more years.

Survivors of the 20 who became Fellows in 1935 are these:

Richard D. Baldwin  
George C. Campbell  
Garnet E. Cannon  
Joseph B. Crimmins  
Donald M. Ellis  
Edward L. Faith  
James B. Gardiner  
Edgar M. Jackson  
John N. Laing  
William D. Laird  
Louis Levinson  
Irving G. Roth

Associates who became so 50 years ago are Grant H. MacCarthy and Charles E. Tosch.

The Half-Century of Fellowship Club will have nearly 100 members in mid-1985. There were 92 last year, 12 join in 1985, but 5 to our knowledge have died. (The most recent of these deaths is reported elsewhere on this page.)

The Society data on these 99 reveals:

- Those with the longest service as FSAs are William P. Barber, F. Bruce Gerhard, and James E. Hoskins, all FSAs in 1920. These reach 65 years of Fellowship later this year.
- The oldest in terms of actual age is Albert E. Babbit, FSA 1924, born in 1890. The youngest are 6 born in 1909. The age range is thus 76 to 95.
- There are only two women among this select group: Helen L. Clark, FSA 1927, and Esther Johnson, FSA 1926.
- The median year of birth is 1904 (age 81 in 1985), the median FSA year is 1930 (55 years in 1985). The median age of attainment of Fellowship is 27; the youngest 23, the oldest 38.
- 25 show Canadian addresses in the Yearbook. The 99 fall into 22 different American states or Canadian provinces, of which only the following have as many as 10: Ontario 18, New York 12, Florida 11, Connecticut 10.

## DEATH

Ray M. Peterson, F.S.A. 1927

## RECENT SOCIAL SECURITY DISABILITY EXPERIENCE

Review by John C. Wilkin

William B. Kelley, A.S.A., and Esperanza Lopez, *Disabled Worker Projections for OASDI Cost Estimates, 1984*, pp. 43, Actuarial Study No. 93, Social Security Administration, Baltimore, Maryland, September 1984.

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Over the last 20 years, the experience of the Disability Insurance (DI) program under Social Security has been anything but stable. The crude disability incidence rate per 100,000 has ranged from 294 in 1982 to 711 in 1975. The year-to-year change in the incidence rate has ranged from +15 percent in 1971 to -21 percent in 1978. The average annual absolute change since 1966 has been 9 percent.

The crude recovery rate per thousand has fluctuated even more wildly. It has ranged from 10.8 in 1975 to 62.4 in 1982. The year-to-year change has ranged from +82 percent in 1982 to -37 percent in 1975, and the average annual absolute change since 1966 has been an astonishing 24 percent.

With this kind of variability, students of the DI program must constantly keep abreast of program experience in order to be well informed. Since the last ac-

- The 50-Year FSAs include 9 Past-Presidents of the Society, 2 of the American Institute of Actuaries, and 1 of the American Society of Actuaries.

Neither the Society's record nor the editor's analysis is infallible. *The Actuary* apologizes in advance for any errors that readers may call to our attention.

tuarial study on disability experience was published over four years ago, this one is a welcome addition to the literature. This study presents an actuarial analysis of disability incidence rates by age and sex for the period 1965-1982, and of termination rates by age, sex, and duration for the period 1977-1980.

The study also presents a brief analysis of the reasons for the changing trends in the incidence and termination experience of the program. Around 1976 the Administration and Congress were concerned with trying to control the program's runaway costs. In 1977, the Administration tightened administrative procedures and in 1977 and 1980 Congress amended the law. The 1977 amendments changed the benefit formula (to the "wage-indexed" formula) so that many newly disabled workers received much lower monthly benefits than they would have received, thus reducing the attractiveness and the cost of the benefits. The 1980 amendments lowered the maximum family benefits and required the Administration to review 65 percent of the allowances made by State agencies and to review every three years every beneficiary who had not been previously considered permanently disabled.

During and following this activity, the number of benefits awarded dropped from 592,000 in 1975 to 299,000 in 1982 and the number of recoveries increased from 26,000 in 1975 to 170,000 in 1982. However, it does not look like these trends will continue. The incidence rate per 100,000 rose slightly from 294 in 1982 to 301 in 1983. Also, recoveries per thousand dropped from 62 to 45 as moratoria were placed on the processing of certain classes of reviews because of a concern that the program was being administered too strictly. In addition, just after the publication of this study, Congress passed the "Social Security Disability Benefits Reform Act of 1984." This Act makes the termination of benefits more difficult and allowance easier.

Mr. Kelley and Ms. Lopez believe that although the cost of the DI program will begin to rise again, it will not return to the runaway costs of the mid-1970's. Future experience should merit close analysis.