



SOCIETY OF ACTUARIES

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THE SOCIETY'S PUBLICATIONS

by Anthony T. Spano,
Director of Publications

I hope this will be the start of what I think is a necessary two-way dialogue between those of us responsible for the Society publications and you whom we serve and to whom these publications are directed.

Let me start with a quick description of the Society's periodic publications. I'll restrict myself to publications containing actuarial literature as opposed to administrative publications such as the *Yearbook*.

- The *Transactions* is our formal, technical journal. It consists primarily of papers that have undergone an approval process, and discussions of the papers. It is published annually, with an index every few years.

- Closely associated with the *Transactions* are the *Reports of Mortality and Morbidity Experience*. This volume is scheduled to be published annually also, but since the last edition was published in 1983 and covered the 1981 mortality and morbidity reports, some skepticism is completely understandable (explanation and discussion of this later).

- The *Record* is just that—a record—of presentations and discussions at the Society's meetings. An issue is published for each meeting, with an annual index.

- The *Actuary* is the Society's newsletter and the publication that is probably most familiar to the membership. It is published monthly except in July and August.

- The *Pension Journal*, a new publication of the Pension Section, made its appearance in April. Other Sections have from time to time put out newsletters. More publications under

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PENSION FUNDS TAXATION IN THE UNITED KINGDOM

by Alistair Neill

Under the UK system of taxation major changes can be made by the Chancellor of the Exchequer at his own whim without proper prior discussion or debate.

Such is the party discipline in the Houses of Parliament that the proposals in the Budget each March are automatically matters on which the Government get their way, and in fact some changes take effect immediately on the day of the Budget speech.

Last autumn it seemed (though they are, of course, very secretive about their doings) that the Treasury were thinking very seriously about changing the method of taxation of pension funds, the most likely target being the tax free build up (which also applies to life offices as they are allowed tax exemption for the benefits they insure for trustees of pension funds, and for the funds held for individual self-employed policyholders) and the commutation of pensions at retirement (which within limits is allowed by the Inland Revenue at present completely tax free). The Life Offices' Associations decided that something would have to be done to try to protect the status quo, so a campaign was started to make MPs and others aware of the possibility of change and of the probable effects in lower benefits for employees or higher (probably unacceptable) costs to employers. The problem was to convince people that the offices were not acting purely out of self-interest, and there were significant opposite viewpoints, particularly in the press, on the desirability of "fiscal neutrality" (all forms of savings should be taxed the same, with no advantage for pension funds).

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BE AN ACTIVIST

by Bob Likins

This is the third in a series of three articles brought to you by the Society's Committee on Professional Development. The first encouraged members to author papers, the second encouraged participation in actuarial meetings, and this one encourages you to develop yourself professionally by being active on a Society or other actuarial committee.

Which Committee?

Are you wondering, who needs your help? All the committees need willing and able actuaries to carry out their charges. The Society of Actuaries alone lists some 60 committees, task forces and sections in the *Yearbook*. Besides the national actuarial organizations, closer to home there are the local actuarial clubs.

If you have the time and interest to serve on a committee, compare your interests with the committee charges. For Society committees, read the charges in the *Yearbook*. To find out more, call the chairperson.

Do You Qualify?

I talked to a few chairpersons, including some on the E&E Committees. Even though generalizations are forced, here are a couple:

- Chairpersons generally have to seek out members. They are looking forward to the updated SOA survey on your committee interests.

- Among the best candidates are those seeking membership by their own initiative and those referred by a departing committee member.

- Committee members for the few committees I contacted were expected to contribute from 10 up to 100 hours per

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EDITORIAL

SOCIAL SECURITY AND THE BUDGET

Recent proposals to reduce the federal deficit via the cutting of OASDHI expenditures show how the "unified budget", employed in U.S. government accounting since the early 1970s, puts pressure on the social security system.

In 1983 there was a temporary cut in the OASDI cost-of-living adjustment, similar in some ways to what has recently been proposed — but the purpose then was to ensure the solvency of SS *viewed as a separate entity*. In the same amendment, and for the same purpose, a part of personal income tax was assigned to the SS trust funds. This disguised form of general revenue financing had *some* rationality in that it was related to a new tax on a portion of SS benefits. The effect of this transfer shows up for the first time in the 1985 Trustees' Reports.

The problem in 1985 is not with SS, but in the general budget. If SS benefits were now to be cut, with no change in the SS financing arrangements, the trust funds would accumulate surpluses, leading to pressure for a pay-roll tax decrease — a pressure which would have to be resisted if the deficit reduction were not to be undone. One adjustment that might then be considered would be a reversal of the 1983 general revenue financing, but of course no change in the tax law on which it is based.

In response to a recent question from TV newsmen, President Reagan indicated that he thought of SS as a separate entity, and saw no sense in trying to solve budget problems through SS benefit cuts. The commentator implied that the President was "poorly informed", obviously assuming that the unified budget was somehow "right".

Unlike the understanding of the American people, and in direct conflict with the SS legislation, the unified budget treats FICA as "just another tax", the SS benefits as "another government expenditure", and the interest paid on trust fund assets as "interest paid by government to itself" — and hence washed out.

We suspect there will be confusion, and that tinkering with SS will continue, as long as the unified budget is the official guide to public finance. In older days it was always possible for sophisticated analysts to adjust the reported numbers to a unified basis whenever this seemed necessary to correctly assess macro-economic effects; but the politicians were not then tempted to make SS changes for non-SS reasons.

C.L.T.

REPORT OF THE SECRETARY

Here are the results of the voting on Three Constitutional Amendments:

To increase the number of Vice-Presidents — 2349 for, 69 against.

To amend disciplinary procedures — 2203 for, 210 against.

To authorize Sections to express professional opinion publicly — 2232 for, 177 against.

Percentage of Fellows voting — 46%.

Be An Activist (Continued from page 1)

year, depending on the committee, plus attend up to two yearly meetings. One chairperson said she would be describing the time commitment more clearly in the future so candidates could make a more realistic appraisal of their interest and commitment before joining her committee.

- Turnover in committee membership is 20% to 30% per year.

- Chairpersons look for FSAs or ASAs who have discontinued taking exams. Experience in the subject area is a plus.

It's well understood that there are limits on the time you can spend on committee business.

Getting On A Committee

To get on a committee as soon as possible, contact the committee chairperson directly. If you prefer to wait to be contacted by a committee in need of your talents, complete the upcoming membership survey. Even though you indicate an interest in a committee, you might not be placed immediately.

You will receive a questionnaire from the Society in June. It will ask about your interest in serving on committees. This is an update of a similar survey taken three years ago. It's your opportunity to volunteer and help carry out our strong tradition of committee support. This information is being kept on a computer file in the Society offices and is made available to committee chairpersons looking for additional members.

Committee membership can be a rewarding and valuable experience, and it's an excellent way to repay the debt we owe to our profession. Get involved.

Be an activist!