



SOCIETY OF ACTUARIES

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THE PENSION SECTION

By Charles Farr

Early 1983 saw the start of the formation of the Society's Pension Section. A 25-member organizing committee polled the membership of the Society to determine their level of interest. An overwhelming response of over 1,000 members spurred the Board of Governors to authorize the Section. Invitations to enroll were mailed in June 1983 and about 900 actuaries became eligible to vote in the first election of a Council by joining the Section and paying their dues.

The first scheduled meeting of the newly elected Pension Section Council was on Nov. 14, 1983. It was largely organizational in nature, but the outlines of the directions of future efforts began to emerge.

Work started on examining the feasibility of publishing a pension journal. The education of the pension actuary was felt to be a priority area of effort, aimed at reviewing the present syllabus and making whatever changes judged to be necessary in the light of the needs of today and the future. Continuing education of the pension actuary was also felt to be an ongoing concern.

There was some feeling that there were enough professional meetings already devoted to pension topics, and that it would be inadvisable to duplicate what was already being done. On the other hand, interest had already arisen in connection with the need for coordination and liaison with the Program Committee of the Society. Initially, this interest was expressed in terms of the Section providing assistance to the Program Committee of the Society in the selection of program participants or topics, and even conducting specific sessions.

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MAIL ALERT

The First Ballots for the Society's 1986 Elections were mailed to all Fellows on April 3, and hence should have been received prior to the arrival of this issue of *The Actuary*. To be valid, ballots must be returned to the Society office by May 5.

EXERCISE YOUR FRANCHISE!

The Committee on Elections has noted with some dismay the declining percentage of Fellows of the Society who have participated in Society elections in recent years. These figures for recent elections were as follows:

1985	48.9%
1984	50.5%
1983	50.9%

Undoubtedly there are reasons for the declining percentage of eligible voters exercising their franchise right. Apathy is undoubtedly one reason. Inability to distinguish between the qualifications for office of the various candidates is undoubtedly another reason. The complexity of the ballots is also a contributing factor. The Committee on Elections has tried very hard to find a happy medium between providing adequate information to eligible voters and the need to keep the ballot and the accompanying instructions reasonable.

The profession's ability to discharge its responsibilities to its publics is largely determined by the quality of the services provided to the membership in education, continuing education, and research. The Society's performance in providing services to its membership will in turn only be as good as its leadership. With your vote the quality of that leadership can be guaranteed. Without your vote it cannot be guaranteed. □

NON-TRADITIONAL PERSPECTIVES

By James Ramenda

It is fashionable these days to characterize actuarial jobs as either "traditional" or "non-traditional". In this context, most would place company valuation in the traditional category. Yet, this function is performed most frequently by millions of investors who are continually offering, bidding for, and exchanging shares of publicly traded insurance companies in a setting most would consider non-traditional for actuaries — the stock market. My experience as an actuary working for a member firm of the New York Stock Exchange leads me to conclude that the traditional skills associated with actuarial training are quite appropriate for the activities of a stock brokerage.

To be sure, my firm is highly specialized. Our primary focus is to provide investment research opinions on insurance companies to institutional investors. Transactions are conducted through our own trading desk and we "make a market" in a number of over-the-counter issues. The chief advantage an actuary has in this area is conceptual familiarity with the technical aspects of a company's operations that are critical in formulating an investment option. Having reached an opinion, the greatest challenge for an actuary is communicating the technical basis for the opinion in a meaningful way to investors of widely varying degrees of insurance knowledge. The "story" must hold together, but cannot rely on analysis expressed in a manner beyond the reasonable grasp of portfolio managers, who themselves may be considering dozens of other companies in any number of industries.

The five actuaries in my firm also participate in another somewhat related

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The Pension Section

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Beginning with the February 1984 meeting of the Council, discussions touched on many topics in search of the directions that the Section's efforts should be channelled. By-laws were developed, election procedures for the 1984 elections were decided on, representation on the Council of pension actuaries by employer, specialty and geography was discussed, work continued on the Section's journal, co-sponsoring seminars as a part of continuing education of the pension actuary seemed natural, the nature and frequency of communication with Section members was explored, coordination with the Society's Program Committee for future Society meetings was examined, and the level of member dues was decided.

By the end of its first year, the Pension Section Council felt that the Section had only begun on its journey, that the outlines of its mission were becoming clearer, and that progress would be possible during the ensuing year. Specifically, there was agreement with the main thrust of the report of the Society's Planning Committee: That Society services to pension actuaries can and should be improved, that the Pension Section should take the initiative and provide the leadership, and that the efforts should be directed at the education and research needs of pension actuaries who are Society members.

Some of the hoped-for progress was realized during 1985. The first issue of *The Pension Journal* was published in March, including a report of the Pension Section Council to Section members and five actuarial articles. Co-sponsorship of six seminars, providing opportunities for continuing education for pension actuaries, was arranged.

Another New Feature?

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an Arab stenographer type the numbers? We suspect it isn't as simple as our informant implied.

No doubt our readers from the Islamic world, and there are some, can set us straight. ☐

Deaths

John H. Bell	FSA 1949
Robert C. Crisp	FSA 1978
Peter A. Goodsell	FSA 1976
Joseph W. Hahn	FSA 1959
Thomas Irvine	FSA 1945
Maurice H. LeVita	ASA 1932
Francis M. Smith	FSA 1921

Work began on an intensive program to review, revise and update the pension portions of the syllabus, drawing into the effort dozens of pension actuaries representing a broad spectrum of the profession. A Section Program Committee, chaired by a member of the Council, selected the topics, obtained the program participants and organized 14 pension-related sessions for the 1985 annual Society meeting in New Orleans. Liaison was established with other pension-related committees of the Society, with a committee of the Academy, and of the CIA. The second issue of the Section's publication, under a new name (*The Pension Forum*) was published in December, with plans for a quarterly frequency.

The Pension Section has a membership as of February 1986 of over 2,300 actuaries, making it the largest Society section. About 81% of the members are in the United States, 15% in Canada and the rest in other countries. About 72% are consulting actuaries, 21% are employed by insurance companies and the rest are in government, academia or other employment.

The future beckons with opportunity for the expansion of services to the pension actuary. Coordinating the Section's activities with those of other committees already in the pension area can be greatly expanded to the benefit of all. Systematically cataloguing and helping to arrange pension-related research will respond to a need often voiced by pension actuaries. The surface is barely scratched in the area of continuing education of the pension actuary, and developments in the direction of standards for such continuing education will place great emphasis on the need for progress here. Involvement of a larger and larger number of members of the Section in these activities, and the other activities mentioned earlier, must also continue to be a goal. ☐

SOCIAL SECURITY

3rd edition, 1,076 pages

Robert J. Myers

Reviewed by Benjamin I. Gottlieb

If you want to learn about Old-Age, Survivors, and Disability Insurance or Hospital or Supplementary Medical Insurance, then you are going to need this edition of Robert J. Myers' *Social Security*. This book can make an expert of every actuary who wants to become one. The expertise will not come painlessly, though, because the book is long and detailed, including a great deal of historical background. And it is thorough, covering Public Assistance, Railroad Retirement, Unemployment Insurance, Workers' Compensation and social security systems in other countries.

Myers advises readers who are interested in broad concepts to skip the footnotes and appendices, where a lot of the details appear. The reader will be able to find answers to specific questions without difficulty, however, because the book has an 11-page table of contents at the beginning and two indices at the back. The book concentrates heavily on facts, but there is some relief from the detail because Myers has a gift for explaining why certain provisions work the way they do.

Myers also has no hesitancy about stating his opinion of provisions or proposals for legislative change. While expressing his opinions is incidental to his main purpose, it is hard to tell whether his opinions are middle-of-the-road or whether his preeminence among actuaries on the subject of Social Security makes his viewpoints seem middle-of-the-road. Most actuaries trace their knowledge of Social Security back to articles, speeches, and books by Robert J. Myers, including the two earlier editions of this one.

Social Security will continue to be an important topic of political debate. This debate is centering on the startling realization spreading around the country that our resources are limited. Actuaries should begin to play a key role where cost considerations are paramount. We may be the only debate participants who have the facts and figures. Reading this book will certainly give us a framework for them.

The book is published by Richard D. Irwin, Inc., Homewood, Ill. 60430. ☐