



SOCIETY OF ACTUARIES

Article from:

# The Actuary

April 1989 – Volume 23, No. 4

## Portability cont'd

### Legislation

The thrust of recent legislative proposals is to preserve the tax status of portable pension benefits, by transfer to an IRA, for example; by restricting cashouts prior to retirement by increasing taxes; by increasing coverage through expanded simplified employee pension plans (SEPs) and introducing salary-reduction SEPs. While current legislative proposals do not go further, portability—in the broad context described above—has become part of the Washington, D.C., scene, discussed by congressional staff and government officials as a seeming failure of the private pension system.

Barnet N. Berin, a Vice President of the Society, is Managing Director and Chief Actuary of Mercer-Meidinger-Hansen, where Eric P. Lofgren is Principal.

## Upside down cont'd

on the changing pattern of investment yields.

Nonetheless, this change is likely to be viewed in Australia and New Zealand as good by governments (they get their money now), bureaucrats (life is less complex), and retirees (they get a better deal). In the face of this, the unhappiness of employers can be only sour grapes!

More important to us in the United States, this standing of the pension benefit/tax relationship on its head is likely to be popular here too. Congress in particular, and even more intensely the Congressional staff, have never believed that pension allocations are properly taxed. They look only at the present and see a tax expenditure; they can never lift their eyes unto the hills and see the tax revenues flowing in after retirement.

This could well be the outside world's revenge for ERISA—an insidious gas rather than a nuclear blockbuster, but just as devastating. Charles Barry H. Watson is an Actuary with The Wyatt Company. He is a former Vice President of the Society and a former President of the Conference of Actuaries in Public Practice.

## Correction

In the March 1989 *Actuary*, there was a typographical error in the chart accompanying the article "Actuaries... be careful!" by Jerrold G. Dolins. Under total policies for the Nashville office, the figure should be 2,000, not 2,200. The figure was correct in the text.

# The Fellowship Admission Course

by Michael B. McGuinness

The Fellowship Admission Course (FAC) is one of the proposals contained in the White Paper on Future Education Methods for the Actuarial Profession, circulated by the E&E Committee in early 1987. FEM proposals were developed with three primary objectives:

1. Enhance the value of the FSA designation.
2. Provide for better and broader education consistent with the future direction and needs of the actuarial profession.
3. Create a system that will attract, select, and train those people who can best fill the role of the actuary in the future.

The FAC was proposed as a 2½-day course focusing on professional ethics and the integration of syllabus material. Candidates would take this course as the final step to the FSA designation, after all exam requirements had been completed and before a FSA is awarded. All candidates who fully participated in the sessions would pass and receive their FSAs.

Currently, professional ethics appears to many candidates as one more study item. Our ability to test both the candidate's knowledge of professional standards and the ability to apply these standards is limited. Professionalism extends beyond mere

knowledge of the phrases contained in a code of conduct. It is taught better using concrete examples than through self-study. The case-study method, with the opportunity for discussion and interaction with other near-FSAs and experienced actuaries, is very appropriate.

The second focus of the course will be integration of syllabus topics. The near-FSA has been exposed to a collection of discrete topics but may not fully appreciate the important links between them. The case-study method and management-simulation exercises will help the candidate to analyze unstructured situations and solve real-world complex problems.

In late 1987, the Board directed the E&E Committee to proceed with the development of the FAC, with a view to first requiring attendance from those who completed the exam requirements during the May 1990 exam period.

Development work for the FAC is now under way by several committees under the direction of the FAC Steering Committee, which I chair.

More detailed information on the FAC, dealing with such matters as course content, timing and location, and costs to attendees, will be communicated to members and students by late summer this year.

Michael B. McGuinness is a Vice President of the Society in charge of Education and Examination. He is with Eckler Partners, Ltd.

## Summary of OASDI and Medicare programs

Robert J. Myers, former Chief Actuary of the Social Security Administration, has just completed a revision of his Summary of the OASDI and Medicare programs. This 47-page document incorporates, in detail, the provisions of the Medicare Catastrophic Coverage Act of 1988 (both those immediately in effect and those to be phased in during the next few years). Copies may be obtained by writing to him at 9610 Wire Avenue, Silver Spring, MD 20901, and enclosing \$1 for postage (and, if possible, a self-addressed mailing label).

## Intensive seminar business instructor chosen

Donald F. Behan, Ph.D., FSA, has been selected as the business instructor for the Applied Statistical Methods Intensive Seminar to be held in August at the University of Wisconsin—Madison. Behan, National Director of Actuarial Services for Deloitte Haskins & Sells, has had extensive experience in applying mathematical and statistical techniques to business problems.

The SOA Education and Examination Committee is pleased to have Behan join Jed Frees as the faculty for the seminar.