Article from:

The Actuary

June 1989 – Volume 23, No. 6

Dear Editor *cont'd*

follows. 1st. It will consist constantly of 617,703. persons of all ages. 2ly. Of those living at any one instant of time, one half will be dead in 24. years 8. months. 3dly. 10,675 will arrive every year at the age of 21. years complete. 4ly. It will constantly have 348,417 persons of all ages above 21. years. 5ly. And the half of those 21. years and upwards living at any one instant of time will be dead in 18. years 8. months, or say 19. years at the nearest integral number. Then 19. years is the term beyond which neither the representatives of a nation, nor even the whole nation itself assembled, can validly extend a debt."

Jefferson was writing from France, presumably M. de Buffon based his table on French experience.

Frank D. Repp, Jr.

International thinking

The article "Pensions viewed from upside down" by Barry Watson and the editorial "Pension Portability" in the April *Actuary* seem to demonstrate again that the Society of Actuaries still has a long way to go to become an international body in its thinking.

Watson (who I believe was originally a Canadian) implies that ERISA in the mid-1970s started the regulation of pension plans. Actually, it was the Pension Benefits Act in Ontario passed in 1963 to be effective from January 1, 1965, that started the game and affected thinking in Washington.

Our funding requirement of 15 years for prior service benefits in a new plan or by retroactive improvement was ridiculed at the time. Lawrence Coward and I, as the two actuaries on the Pension Commission of Ontario responsible for applying the new law, each dined out for several years as the token Canadian on panel discussions on pensions at Society meetings during the several years of run-up to ERISA.

We are now going through our second round of pension reform in Canada with legislation in force in several provinces and the federal government (for employees under federal jurisdiction). Old benefits are still subject to the age 45 and 10 years of service for vesting and locking-in, but now we generally have vesting after two years of membership in the plan, with extremely complex and detailed restrictions in many areas.

Inflation demonstrated that locking an employee into his former employer's pension plan with a deferred pension was a bad mistake once inflation hit. It is tough enough to get employers to upgrade the pensioners but impossible in almost all cases to have them do anything for deferred pensioners who left or were fired.

Cash portability is now required under the new-style legislation on actuarial assumptions provided by the Canadian Institute of Actuaries. The funds are still "locked-in" if they have met the requirements of the various eras even though transferred to another pension plan or to the Registered Retirement Savings Plan (in Canada since 1957, and again ahead of the IRA). Locking-in means they may be available only as a death benefit or for the purchase of a life annuity form of settlement.

I don't recommend everything that is in the new-style Canadian legislation – we are now overregulated to the great financial benefit of the actuarial profession. However, cash portability is now a matter of fact or soon will be in most provinces of Canada.

Just to give you warning of what is to come, Ontario has now published its very complex Draft Legislation on requiring partial indexing of deferred pensions and retirement pensions. Someone in Washington may notice that too!

D. S. Rudd

Centennial PR campaign starts off strong

The public relations campaign for this year's Centennial Celebration of the actuarial profession took off strong with the first "Forecast 2000" forum conducted April 25 in Miami.

Articles about the forum were featured in several newspapers, including *USA Today* and the *Washington Times*. Also, UPI articles on the seminar were published in several other publications.

In addition, AAA Executive Vice President James Murphy was interviewed by a number of television and radio stations, including the CBS Miami affiliate, WSVN-TV; CBS Radio Detroit; WGTR-FM, Miami; and WPOG-TV, the ABC affiliate in Miami.

The seminar, sponsored by the AAA, CIA, CAS, CAPP, and SOA, featured a panel discussion that focused on trends in long-term healthcare for the year 2000.

The four seminars scheduled for "Forecast 2000" focus on important social and economic issues in which actuaries will play a significant role as the profession enters the 21st century. The seminars are part of a campaign to publicize the Centennial throughout the year.

The results of a survey of 536 healthcare actuaries on the outlook for long-term healthcare in the year 2000 were discussed by a panel of experts at the seminar.

Of the actuaries surveyed, 61% said they expect the federal government to take an expanded role in molding the future of long-term care. One-third of the respondents believe individuals will pay for long-term healthcare expenses in the year 2000 and 42% believe this care will occur in personal residences.

Two of the main discussion topics during the seminar focused on how long-term healthcare will be funded and how Americans should prepare for long-term care in the year 2000.

In addition, alternatives to nursing home care and increasing the number of qualified home workers were discussed.

Panelists for the seminar were Bartley Munson, Mercer-Meidinger-Hansen; Gordon Trapnell, Actuarial Research Corporation; Glenn McKibbin, Adult and Aging Services, Florida Department of Health and Rehabilitation; and Valerie Wilbur, American Association of Homes for the Aging. Panel moderator was Robert Stickler, business editor for the *Miami Herald*.

For more information on future "Forecast 2000" seminars, contact SOA Director of Communications Linda Delgadillo at 312-706-3500.

In memoriam

John H. Ames ASA 1936
Albert E. Babbit FSA 1924
William D. Berg FSA 1956