



SOCIETY OF ACTUARIES

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# Reports presented at IACA Conference

by Frank Livsey

More than 140 actuaries representing 14 countries, together with more than 120 additional participants, attended the 12th Conference of the International Association of Consulting Actuaries (IACA) held in Auckland, New Zealand, last February.

IACA was established in the 1960s and has held biennial conferences commencing in 1968. Membership is limited to actuaries who are substantially full-time consulting actuaries and who do not personally engage in business as an insurance broker or agent to any significant extent. The actuary also must have held for at least three years a professional actuarial qualification recognized by the committee. Currently, more than 600 actuaries representing 32 countries are members of IACA.

The goals of IACA are to facilitate the exchange of views and information internationally between members on matters affecting their professional responsibilities as consulting actuaries, and to arrange international meetings of members to achieve these goals.

Professional meetings on different topics were organized in New Zealand under the theme of "Where are we going as a Profession," based on papers received for presentation. In addition, sessions were held to discuss the national reports on current issues from each part of the world.

Topics for discussion included retirement benefit changes in New Zealand, where are we heading as a profession, national reports, pension plan design, investments, actuarial consulting in insurance, management of consulting firms, professional topics, and accounting rules and practical experience.

A guest speaker, the Honorable Roger O. Douglas, introduced the topic of retirement benefit changes in New Zealand. Douglas was the Minister of Finance in New Zealand responsible for introducing a series of new tax measures which drastically overhauled and broadened the tax base. Significant changes have been made in the

basis of taxation for superannuation schemes. These changes are:

1. Employee contributions will not be eligible for income tax deductions.
2. Company contributions will be subject to a withholding tax at source.
3. The investment income of superannuation trust funds will be liable to tax.
4. All benefits paid out of superannuation schemes will be tax exempt in the future.

North American actuaries will be interested to observe how these changes affect the development of private pensions in New Zealand. The changes contrast dramatically with the practice in most other countries of encouraging savings for retirement through tax deferral.

Each professional meeting began with an opener who introduced the topic for discussion, referring to the papers that were presented, and provided a framework for further discussion. Then the meeting was opened to discussion from the floor. A closer made final remarks and summarized the discussion that had taken place.

National reports were received from 21 countries, and 30 papers were presented on the actuarial topics included in the program. North America was well represented at the conference, with national reports presented from the United States and Canada. Fourteen papers were prepared, and 10 actuaries participated as official chairpersons, openers or closers at the professional meetings. The national reports and papers are published in the official *Transactions* of the conference. There were more than 100 contributions to the discussion of topics.

The consulting actuaries attending the conference discovered they faced many similar issues. For example, actuaries from North America learned that the problems associated with surplus ownership, inflation protection of pensions, and

the increased interest in defined-contribution plans are widespread.

The following actuaries contributed papers to the conference:

- F. Roger Atkins and Charles (Barry) Watson, "FAS 87 Assumptions for Non-U.S. Defined Benefit Plans"
- Thomas P. Bleakney, "Defined Contribution Retirement Plans for U.S. Public Employees"
- John M. Bragg, "A Practical System of the Economics/Investments World"
- John M. Christie, "Development and Monitoring of Professional Standards in Canada"
- Laurence E. Coward, "Inflation Protection For Pensions in Canada"
- Robert J. Dymowski, "The Development of Long-Term-Care Insurance in the United States"
- Edward H. Friend, "OASDI Modernization and Long-Term Care as Intertwined Issues: A Nation in Pursuit of Solutions"
- David L. Hewitt, "Actuarial Aspects of Continuing Care Retirement Communities"
- David F. Howe, "Defined Benefits Redefined"
- C. K. Khury, "Contemporary Trends in General Insurance - U.S.A."
- Frank Livsey, "Developing a Statement of Investment Policies and Goals for Pension Plans"
- Anna M. Rappaport, "Living with New Accounting Rules for Post-employment Medical Benefits"
- Mary S. Riebold, "A Strategy For Actuarial Acquisition Consulting"
- Frederick J. Thompson, "Development of Executive Pension Plans in Canada"

The next IACA conference will be held on May 24-29, 1992, in Vancouver, British Columbia. The following conference in 1994 is tentatively planned for Hong Kong.

Consulting actuaries who might be interested in joining IACA should refer to the Society of Actuaries *Yearbook* or the Canadian Institute of Actuaries for details on how to apply for membership.

Frank Livsey is partner, Hewitt Associates.