



SOCIETY OF ACTUARIES

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No. 4 raises more questions:

- Are individually reasonable pre-retirement decrement assumptions feasible for small plans?
- Are simplified assumptions (for example, a single assumed retirement age rather than an age-related table of retirement rates) individually reasonable?
- Do we need to include assumptions for little-used ancillary benefits or other factors that are not truly significant to the measurement?
- At what point must we disclose a deviation from standard as a result of these issues?

The ASB and its Pension Committee are now finalizing the proposed economic assumption standard, continuing our work on ASOP No. 4, and

beginning work on a standard covering demographic and other assumptions. Clearly, we need ideas on these issues from pension actuaries. Without your input and, ultimately, your buy-in, we cannot draft appropriate and effective standards of practice. We need these standards to help reestablish our profession's credibility and to shift the focus from what is legal to what is professionally appropriate.

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SOA practice area VPs (continued from page 5)

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- In the following months, practice areas will be featured in *The Actuary* with more specific issues and programs outlined for member feedback. Issues in the Health Systems practice area were featured in the February 1996 issue. (See "Profession-wide issues drive health leaders' activities" by Howard Bolnick.)

Models of retirement income being researched

by Judy Anderson
SOA Education Actuary

The Society of Actuaries, the SOA Pension and Computer Science Sections, the Conference of Consulting Actuaries, and the American Society of Pension Actuaries are co-sponsoring research to evaluate macrodemographic and microsimulation models that could be used to analyze retirement and other public policy proposals. Researchers Joe Anderson, an economist, and Ed Husted, an actuary, are now evaluating current data sources and models and considering the feasibility of developing such a model.

Economists and demographers built many of the existing models used for policy decisions at the federal level a

number of years ago. A critical feature lacking in most models is a better understanding of plan sponsor behavior and private plan costs. This project is an opportunity for actuaries to work with economists, to learn more about their perspective, and to bring more of the actuarial perspective to policy analyses and proposals.

"This will be one of the most important research projects the actuarial profession has undertaken," said Chris Bone, chair of the Project Oversight Group (POG). Bone, eight other actuaries, and Olivia Mitchell, an economist and the executive director of the Pension Research Council, serve on the POG.