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Advanced technology a way to improve services

This article summarizes the Retirement Systems Practice Area Advanced Technology Working Group Report prepared by Chairman James S. Kreidler, Kurt Fichthorn, Harry Garber, Allen Rothman, and SOA staff members Judy Anderson and Jim Weiss.

Formed to project developments in technology and their applications, the Advanced Technology Working Group's goal was to improve all aspects of Society of Actuaries (SOA) services for its members in the retirement systems practice area. Although the emphasis was on pension actuaries, many ideas are equally applicable to other areas.

The future role of the pension actuary

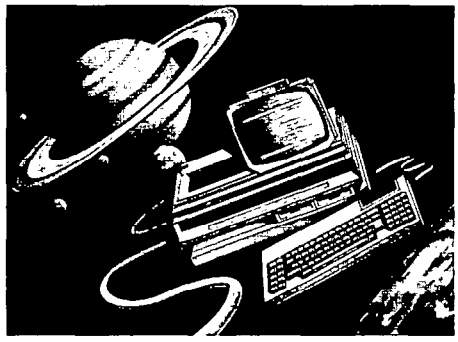
The pension actuary of the future will need to possess a broader range of skills than in the past. Advances in technology have reduced the actuarial valuation process to a commodity, and sophisticated computer systems make gain and loss analysis, experience studies, and projections practical for any size plan.

The working group identified several functions that could be enhanced by advanced technology.

Facilitating information exchange

Presently, the SOA facilitates information exchange among members through meetings (via the *Record* publication, audio tapes, and video tapes), papers in the *Transactions,* newsletters, and the electronic bulletin board, Actuaries Online.

The SOA is developing teleconferencing and computer-assisted learning techniques (CAL). The group encourages the exploration of more video conferencing, including expanding the applications of cable television.



Electronic on-demand forms of meetings on CD-ROM could be available for those members who were unable to attend. Voice response systems could survey members on a variety of issues, and the electronic bulletin board could permit them to electronically download the latest information.

Through these information exchange methods, members could have easier access to up-to-date information and a variety of viewpoints. Interaction with a wider international audience would be commonplace, not to mention a major reduction in travel and meeting expenses.

Educating current and prospective members

The SOA education function is handled through meetings, written materials, and recorded materials.

With technology, all materials currently available in print could be available via bulletin boards, CD-ROM, and audio and video tape. More seminars could be provided by teleconferencing, and the variety of CAL programs could be expanded. Syllabus materials could be on-line, and the SOA could provide more rapid feedback of exam performance and examinations-on-demand (similar to the PLATO system used for the National Association of Security Dealers exams). Use of an electronic library could provide easier and quicker access to information than paper libraries.

Gathering data

Currently gathering data for experience and other studies is a lengthy and iterative process. The sheer volume often makes the gathering of raw data difficult.

On-line data transfers would make gathering data easier. Electronic submissions could speed the process and allow access to raw data for analysis by all interested parties.

Use of technology would provide easier access to the latest data by a wider audience and a faster turnaround of research.

Storing and indexing information

The SOA library is the repository for all *Transactions,* the *Record,* syllabus materials, papers, and membership indicia. It also holds the materials for various actuarial tables and results of other actuarial studies. Most of this information is on paper.

With technology, local storage requirements could decrease as more information is available on-line.

Filtering information for relevance and importance

The information we are receiving is already exceeding what can be read and absorbed in the time available.

The SOA could serve as a "clearinghouse" and evaluate useful information for members. More summaries of information available on paper could be on-line, as well as indexes to help practitioners gather the information they need quickly and efficiently. On-line think tanks, coordinated by the SOA, could address pertinent issues periodically and present the results to members easily.

The work group concluded that the SOA must continually reassess how it

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Actuaries involved in GATT lobbying

by Cecilia Green

The pension funding changes tucked away in the General Agreement on Tariffs and Trade Congress (GATT) passed in December made headlines in most business and industry publications. Chris Bone, chair of the SOA's Retirement Systems Research Committee, was tapped to offer some insight to readers of *The Actuary*. Bone and other actuaries have been monitoring pension funding reform issues since 1992. Bone has lobbied on behalf of AT&T's consulting firm, Actuarial Science Associates, where he is chief actuary.

"The Retirement Protection Act came out in 1993," he said. "There were hearings in 1994, and the American Academy of Actuaries testified at several. By summer 1994, we knew that this would be attached to GATT."

The 1993 initial proposal's funding changes were more stringent than the final legislation that passed. "When the bill got attached to GATT, employer groups were able to exert some influence to end up with a more reasonable proposal," Bone said.

Actuaries working with lobbying organizations or representing their employers were successful in getting more sensible rules for determining when a plan needs to be funded on a faster schedule, Bone said. Lobbyists also were able to get an Administration proposal removed that would have given the Pension Benefit Guaranty Corporation the right to interfere in corporate business transactions such as acquisitions.

Volatility in interest rates used to measure funded status was a key concern in this bill, which changes the rules for the mandatory interest rate used to determine plans' funded status. It also mandates the 1983 group annuity mortality table be used at least through the year 1999, with an updated table specified by the Treasury Department for use beginning in the year 2000 or later.

"The SOA is exploring whether it can help the Treasury [with the updated table] by collecting data and studying mortality of uninsured pension plans," Bone said.

What should actuaries be doing now?

"I think it's important that the pension community look at emerging legislation more rapidly." Bone said. "We need to keep up on the trends in Congress to alert our clients about the future of retirement plans. The debate on retirement will pick up steam, and it's clear consulting opportunities — and risks for companies — are ahead.

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serves its members and embrace technology as it emerges, rather than waiting for the optimum technology. As understanding, interpreting, and communicating analysis results become a more important part of the pension actuary's job, the use of technology is imperative. Recent technological advances will help gather current information, facilitate actuaries' use of sophisticated mathematical methods, and help develop alternate approaches to providing retirement income.

For a copy of the "Report of the Retirement Practice Area Advanced Technology Working Group," contact Lela Hord at the SOA, 708/706-3500.

Actuary joins staff

Robert A. Conover, FSA, has joined the Education and Examination Department (E&E). Conover will coordinate the Individual Life and Annuities Track within the E&E system and will work in the Life Practice area.

He brings to the SOA an extensive background in the insurance industry and in education. His most recent experience was with The Acacia Group in Washington, D.C., from 1989 through 1994. Conover has a Ph.D. in mathematics from the University of Rochester and has had academic appointments at Trinity College (Hartford) from 1966 through 1968 and at Loyola University (New Orleans) from 1971 through 1973.

He is a former E&E volunteer, having served as examination chairperson for the Part 5 Examination (151, 160, 161, and 165 in the current exam system).